

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARK SPITZER

Commissioner

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION)
OF SALT RIVER PROJECT AGRICULTURAL)
IMPROVEMENT AND POWER DISTRICT FOR)
AN ORDER AUTHORIZING ITS ISSUANCE)
OF REVENUE BONDS AND REFUNDING)
REVENUE BONDS)

DOCKET NO. E-2217A-01-0183

APPLICATION

TO THE HONORABLE ARIZONA CORPORATION COMMISSION:

This Application of the Salt River Project Agricultural Improvement and Power District (the "District"), for an order authorizing the issuance of revenue bonds and refunding revenue bonds, respectfully shows that:

Introduction

The District is a political subdivision of the State of Arizona pursuant to Article 13, Section 7 of the Arizona Constitution, and an agricultural improvement district duly organized and existing under Title 48, Chapter 17 of the laws of the State of Arizona, A.R.S. §48-2301, *et seq.* Its principal place of business is 1521 Project Drive, Tempe, Arizona, and its post office address is Box 52025, Phoenix, Arizona 85072-2025.

2. The District is principally engaged in the purchase and sale of electricity in the Counties of Maricopa, Pinal and Gila, in the State of Arizona, and the generation of electricity in the States of Arizona, New Mexico, Nevada and Colorado, primarily for sale in Arizona.

1 3. The attorneys for the District in this proceeding are:

2 W. Gary Hull
3 Senior Attorney
4 Jane D. Alfano
5 Corporate Counsel
6 Salt River Project, PAB 300
7 P.O. Box 52025
8 Phoenix, Arizona 85072-2025

9
10 Kenneth C. Sundlof, Esq.
11 Jennings, Strouss & Salmon, P.L.C.
12 Two North Central Ave., Ste. 1600
13 Phoenix, AZ 85004-2393

14 4. Title 48, Chapter 17, Article 7 of the Arizona Revised Statutes (the "Act")
15 authorizes the Board of Directors of the District to issue and sell revenue bonds for any
16 undertaking, as that term is defined in A.R.S. §48-2462(2), and to issue and sell revenue bonds to
17 refund outstanding revenue bonds.

18 5. On June 5, 2000, the Board of Directors of the District adopted resolutions
19 authorizing (i) the issuance of not exceeding \$900,000,000 Salt River Project Electric System
20 Revenue Bonds for the purposes authorized pursuant to the Act including, without limitation,
21 paying or reimbursing the cost of construction of improvements, replacements, additions,
22 extensions and betterments of the electric system (the "Revenue Bonds"), (ii) the issuance of not
23 exceeding \$990,000,000 Salt River Project Electric System Refunding Revenue Bonds to
24 provide monies to refund any Bonds theretofore or thereafter issued by the District and to pay
25 expenses incurred in connection therewith (the "Refunding Bonds"), and (iii) the filing of an
26 application with the Commission for an order authorizing the issuance of the Revenue Bonds and
the Refunding Bonds, in such amounts as management of the District shall determine to be
necessary to meet the financial needs of the District. See, respectively, Exhibits A, B and C,
attached to this Application and by this reference incorporated herein.

1 6. The purpose of this Application is to secure, pursuant to A.R.S. §48-
2 2465(B), an order of this Commission authorizing the issuance of not to exceed \$500,000,000 in
3 Revenue Bonds and not to exceed \$550,000,000 in Refunding Bonds.

4 7. The Board of Directors of the District, pursuant to its statutory authority,
5 has the responsibility to determine that the issuance of the Revenue Bonds and Refunding Bonds
6 is compatible with sound financial practices, constitutes the proper performance of the District's
7 duties, will not impair its ability to provide service to its ratepayers, and is within its lawful
8 powers as an agricultural improvement district.

9 **Revenue Bonds for Construction Purposes**

10 8. Because of the development of the District's business in recent years and
11 further growth that is reasonably expected, the District requires additional capital to provide
12 funds for the purpose of paying the cost of construction, acquisition and installation of
13 improvements, replacements, additions, extensions and betterments of its electric distribution
14 system including, but not limited to, the construction, acquisition and installation of electric
15 distribution lines, substations and related facilities, assets, and equipment necessary therefore,
16 and financing costs related thereto. Exhibit D hereto, "Estimated Distribution Capital
17 Expenditures for Fiscal Years 2001-2003," sets forth the District's estimated distribution capital
18 needs during its current and next two fiscal years, May 1, 2000, through April 30, 2003.

19 9. The District, in consultation with the District's financial advisor, Lazard
20 Freres & Co., has determined that the best means of obtaining the additional capital which the
21 District estimates will be needed through fiscal year 2003, in light of present market conditions
22 and other relevant factors, would be either privately negotiated sales of the Revenue Bonds,
23 either through purchasers or underwriters, or, at the option of the District, public sales of the
24 Revenue Bonds, in an amount not to exceed \$500,000,000.
25

Refunding of Revenue Bonds

10. The \$500,000,000 Revenue Bonds described in Paragraphs 8 and 9 of this Application are herein called the "Bonds To Be Refunded." The Bonds To Be Refunded will be issued and sold for the purposes of paying the costs of construction and acquisition of improvements, additions, replacements, extensions and betterments to the District's electric distribution system including, but not limited to, the construction, acquisition, and installation of electric distribution lines, substations, and related facilities, assets and equipment necessary therefore, and financing costs related thereto.

11. Due to a variety of factors, the general level of borrowing costs for the District fluctuates substantially from time to time. As an example, interest rates for District revenue bonds (as well as for similarly rated issuers of tax-exempt debt securities) generally rose during the late 1970's and remained above 9% through the mid 1980's. Interest rates then began to fall and generally were in the 7% range during the late 1980's. Interest rates then fell again in the early 1990's to levels in the 6% range. From time to time, due to temporary reductions in the general level of interest rates, the District has marketed its revenue bonds at interest rates below the previous high levels. This fluctuation in borrowing costs of the District is illustrated by the fact that while the effective interest rate of the District's \$55,000,000 Electric System Revenue Bonds, 1981 Series B, dated October 1, 1981, was 14.3641%, the effective interest rate of the District's \$256,005,000 Electric System Revenue Bonds, 1997 Series A, dated October 17, 1997, was 5.1639%.

12. When market conditions improve so as to permit an overall savings in debt service, the District refunds bonds issued at high rates of interest through the issuance of refunding revenue bonds. A.R.S. §48-2471, and Section 205 of the Resolution referred to in Paragraph 17 of this Application, specifically authorize the District to issue refunding revenue

1 bonds. The refunding techniques described in this Application have been generally accepted and
2 recognized as proper and legitimate methods by which tax-exempt issuers of bonds may take
3 advantage of market conditions to reduce debt service costs. Exhibits E and F, attached hereto
4 and by this reference incorporated herein, utilize the District's 1997 Series A Bonds to illustrate
5 how refunding can reduce debt service. The 1997 Series A Bonds, which refunded prior bond
6 issues, reduced future debt service by \$112.1 million, which debt service savings had a present
7 value of \$19.5 million.

8 13. The District, in consultation with the District's financial advisor, Lazard
9 Freres & Co., has concluded that due to the fluctuation in interest rates, in the future it may be
10 possible to sell the Refunding Bonds to refund the Bonds To Be Refunded at interest rates which
11 will result in substantial debt service savings to the District. In addition, the District has
12 determined that when interest rates are low, it must be able to proceed quickly in order to take
13 advantage of the low interest rates frequently afforded by the market. In order to be able to
14 proceed quickly to refund the Bonds To Be Refunded, it is necessary to have previously obtained
15 the authorization to issue and sell, by public sale, or by private sale to purchasers or through
16 underwriters, the Refunding Bonds in an amount not to exceed \$550,000,000. The Refunding
17 Bonds will be secured in the same manner as the previously issued Bonds To Be Refunded.
18

19 14. A substantial portion of the proceeds from the sale of the Refunding
20 Bonds will be invested in obligations of, or obligations the principal of which and interest
21 thereon are guaranteed by, the United States of America, which are scheduled to mature and bear
22 interest at such times and in such amounts so that the principal, interest, and call premium, if
23 any, on the Bonds To Be Refunded will be paid when due or redeemed. The Bonds To Be
24 Refunded will no longer be secured by net revenues from the District's electric system, but will
25 be secured and payable solely from the above-described investments. Under the Resolution
26

referred to in Paragraph 17 of this Application, and upon issuance of the Refunding Bonds, the Bonds To Be Refunded would no longer be considered outstanding debt of the District. Depending on market conditions, other alternatives include crossover refundings and economic defeasance.

General

15. The sales of the Revenue Bonds and the Refunding Bonds will be in several increments subsequent to the date the Commission Order authorizing the issuance of the Revenue Bonds and the Refunding Bonds becomes final. The timing, frequency, and amount of the sale of each such increment of the Revenue Bonds and the Refunding Bonds will be determined by the District, depending upon construction needs and/or upon capital market conditions. It is proposed that the Revenue Bonds and the Refunding Bonds will mature within fifty years from the date of the bonds, as provided by A.R.S. §48-2466(A), and will be subject to redemption provisions determined by the District. The District will determine the interest to be borne for each increment, and the purchase price received by the District will be determined either at private sale by negotiations between the District and purchasers or underwriters, or at a publicly advertised, competitive sale on the basis of the best bid received. Pursuant to A.R.S. §48-2470(D), if the Board of Directors of the District determines that the sale of any increment of the Revenue Bonds or the Refunding Bonds will be privately negotiated, such sale will be subject to prior approval of a majority of the members of the Council of the District.

16. In the District's opinion, the purposes to which the proceeds of the Revenue Bonds and the Refunding Bonds are to be applied are generally set forth herein, and as specifically set forth in Paragraphs 8, 9, 10, 11, 12, 13 and 14 of this Application, are in accordance with the lawful purposes for which the District was established under Title 48, Chapter 17, A.R.S., are within its power under such laws, are based on sound financial practices

1 and are compatible with the public interest and with the proper performance by the District of
2 service as an agricultural improvement district, and will not impair but will improve its ability to
3 perform the service for which it was established. The District is further of the opinion that the
4 issuance of the Revenue Bonds and the Refunding Bonds as herein contemplated is reasonably
5 necessary and appropriate for the aforementioned purposes.

6 17. In connection with the issuance of the Revenue Bonds and the Refunding
7 Bonds, the Board of Directors of the District has adopted a Resolution Concerning Revenue
8 Bonds, dated as of November 1, 1972 (the "Resolution"), relating to the exercise of powers
9 granted by Title 48, Chapter 17, Article 7, A.R.S.. The Resolution pledges certain electric
10 revenue of the District for the payment of the principal of and interest on revenue bonds,
11 including refunding bonds, and, subject to the applicable provisions thereof, on additional
12 revenue bonds issued in the future. A.R.S. §48-2468(A)(6) and Section 509 of the Resolution
13 permit the District to issue subordinate lien bonds, should such be necessary or advisable in
14 connection with the issuance of the Revenue Bonds or the Refunding Bonds. Any Revenue
15 Bonds or Refunding Bonds issued by the District would be issued pursuant to the Resolution (as
16 it may be modified from time to time) or a different resolution providing for a subordinate lien
17 on the District's electric revenue.
18

19 18. With regard to the sale of each increment of the Revenue Bonds or the
20 Refunding Bonds, which sales may occur in fiscal year 2001 and thereafter, the District proposes
21 to file with the Commission, contemporaneously with each sale, the resolution adopted by its
22 Board of Directors specifically authorizing the sale of each increment, and, in the event of a
23 private sale, the form of underwriting agreement, if any, and the resolution adopted by its
24 Council, approving such sale.
25

1 19. The District competes with many other governmental bodies for capital
2 funds in the tax-exempt market. Market access is subject to change due to economic and
3 political events and psychological perceptions. The District needs flexibility in structuring the
4 sale, terms and conditions of the Revenue Bonds and the Refunding Bonds to be able to
5 successfully raise capital during periods of reduced market access. The District has statutory
6 authority to sell, tender for or exchange bonds under contractual terms determined by its Board
7 of Directors to be in the best interest of the District, including bonds having variable interest
8 rates and put features, and bonds that carry with them an optional warrant to purchase additional
9 bonds on similar terms and conditions in the future. The District will consider these and other
10 techniques, if deemed in the best interest of the District, and if recommended by the District's
11 financial advisors. The District considers it essential that such financing techniques and
12 structures be available to it at a time when such techniques hold promise of considerable benefit
13 to the District and its customers. To the extent the procedures set forth herein are found by the
14 Commission to be reasonable and proper, the District requests that it be authorized to issue (i)
15 the Revenue Bonds for construction purposes in an aggregate principal amount of not to exceed
16 \$500,000,000, and (ii) the Refunding Bonds to refund the Revenue Bonds, in an aggregate
17 principal amount of not to exceed \$550,000,000, and to pay expenses incurred in connection
18 therewith, all in the manner described herein without necessity of seeking further Commission
19 approval.
20
21

22 20. Except as noted below, true copies of the Resolution and Supplemental
23 Resolutions, authenticated by certification of the Secretary of the District, have been filed in
24 Commission Docket No. E-2217A (formerly U-2217) at various times between November 2,
25 1972 and the present. The District requests the incorporation herein of said filings by reference.
26 In addition, a copy of the Supplemental Resolution adopted by the Board of Directors of the

1 District on October 14, 1993, is attached to this Application as Exhibit L and by this reference
2 incorporated herein. There have been no further amendments to the Resolution since that date.

3 21. To assist the Commission in its consideration of this Application, the
4 District has attached to this Application Exhibits G through K, which provide background
5 information. Exhibit G explains how the District used existing authorization to issue revenue
6 bonds in fiscal years 1989 through 1994. Exhibits H, I, and J are the financial statements for the
7 District. Exhibit K is the District's most recent Annual Continuing Disclosure Document filed
8 with nationally recognized municipal securities information repositories.

9 22. The District requests that notice of the filing of this Application be given
10 in conformity with A.R.S. §40-302. If requested to do so by or on behalf of the Commission, the
11 District, pursuant to A.R.S. §48-2465(B), will reimburse the Commission for any additional
12 costs necessarily incurred by it in preparing and distributing such notice or any other additional
13 costs which are necessarily incurred by the Commission in connection with securing the order
14 for which this Application is made.

15 23. The District requests that the order for which this Application is herewith
16 made be promptly issued and become effective immediately upon the issuance thereof, because
17 of the current monetary requirements to provide certain improvements needed to carry out its
18 service responsibilities, the current status of financial market conditions in general, which make
19 timing a critical factor in proper and successful marketing of the Revenue Bonds and the
20 Refunding Bonds, and the timing of informational filings with the bond rating agencies. The
21 District requests, should the Commission deem it appropriate, summary disposition of this
22 Application.

23
24
25 WHEREFORE, the District asks that your Honorable Commission:

1 Cause notice of the filing of this Application to be given as above requested; hold
2 such hearing or hearings and make such inquiry or investigation as the Commission may deem of
3 assistance or, in the alternative, pursuant to A.R.S. §40-302(A), determine a hearing is not
4 necessary and make summary disposition of this Application; make the finding as required by
5 A.R.S. §40-302, relative to the issuance of the Revenue Bonds and the Refunding Bonds as
6 herein discussed; and thereafter make an immediately effective order authorizing the District to
7 issue (i) the Revenue Bonds for construction purposes in an amount not exceeding \$500,000,000,
8 and (ii) the Refunding Bonds to refund the Revenue Bonds in an amount not exceeding
9 \$550,000,000; to sell same in the manner herein contemplated and to pay financing costs and
10 expenses related thereto.

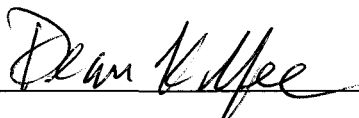
11
12 DATED at Tempe, Arizona this 28th day of February 2001.

13
14 SALT RIVER PROJECT AGRICULTURAL
15 IMPROVEMENT AND POWER DISTRICT

16 By Dean K. Yee
17 Dean K. Yee
18 Manager, Financial Services
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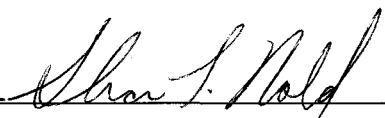
1 STATE OF ARIZONA)
2 County of Maricopa)ss)

3 Dean K. Yee, being first duly sworn, deposes and says that he is the Manager,
4 Financial Services of Salt River Project Agricultural Improvement and Power District, that he
5 has read the foregoing Application and knows the contents thereof, and that the same is true in
6 substance and in form, except as to matters therein stated on information and belief, and as to
7 those he believes them to be true.

8 
9

10 Dean K. Yee

11 Subscribed and sworn to before me this 28TH day of February 2001.

12 
13

14 Notary Public

15 My Commission expires:



EXHIBIT A



CERTIFICATE

I, TERRILL A. LONON, the duly appointed, qualified, and acting Corporate Secretary of the Salt River Project Agricultural Improvement and Power District ("SRP"), a special district under Title 48 of the Arizona Revised Statutes, DO HEREBY CERTIFY that attached hereto is a true and correct copy of a resolution entitled "**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$900,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT,**" as adopted by a majority of the SRP Board of Directors at a meeting held on June 5, 2000, at which a quorum was present and voted, and that no change, revision, amendment, or addendum has been made subsequent thereto.

IN WITNESS WHEREOF, I have set my hand and seal of the Salt River Project Agricultural Improvement and Power District, this 16th day of February, 2001.



A handwritten signature in cursive script, reading "Terrill A. Lonon". The signature is written in dark ink and is positioned above the printed name and title.

Terrill A. Lonon
Corporate Secretary

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE
OF NOT EXCEEDING \$900,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM
REVENUE BONDS OF THE SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

WHEREAS, the Board of Directors of the Salt River Project Agricultural Improvement and Power District (the "District"), by resolution adopted on November 1, 1972, as amended, (the "Resolution"), has created and established an issue of Salt River Project Electric System Revenue Bonds, and

WHEREAS, the Resolution authorizes the issuance of such Salt River Project Electric System Revenue Bonds in one or more series pursuant to a "Series Resolution" authorizing such series, and

WHEREAS, as of April 30, 2000, there are outstanding approximately \$2,787,600,000 Salt River Project Electric System Revenue Bonds, and

WHEREAS, the Board of Directors of the District has determined that it is necessary and required that the District issue, from time to time, not exceeding \$900,000,000 Salt River Project Electric System Revenue Bonds, pursuant to the Resolution or pursuant to a different resolution providing for a subordinate lien on the District's Revenues, to provide monies to carry out the purposes of the District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Salt River Project Agricultural Improvement and Power District as follows:

ARTICLE I

Authority and Definitions

SECTION 1. Series Resolution. This Series Resolution is adopted in accordance with the provisions of Article II of the Resolution and pursuant to the authority contained in the Act.

SECTION 2. Definitions. All terms which are defined in Article I of the Resolution shall have the same meanings in this Series Resolution as such terms are given in Article I of the Resolution.

ARTICLE II

Authorization of Revenue Bonds

SECTION 1. Principal Amount and Series. Pursuant to the provisions of the Resolution, a series of bonds is hereby authorized in the aggregate principal amount of not exceeding \$900,000,000 (the "Bonds"). The Bonds shall be designated as "Salt River Project Electric System Revenue Bonds." The Bonds may have a subordinate or

parity lien on the Revenues of the District as shall be provided by subsequent resolutions of the Board of Directors of the District.

SECTION 2. Purposes. The Bonds are being issued for the purpose or purposes authorized pursuant to the Act including, without limitation, paying or reimbursing the Cost of Construction of improvements, replacements, additions, extensions and betterments of the Electric System.

SECTION 3. Maturities, Interest Rates, Redemption Provisions and other Details. The Bonds shall be dated, shall mature not more than fifty years from the date thereof, shall bear interest at such rate or rates, or discounted interest, not in excess of the legal rate, shall be secured by either a parity or subordinated lien on the Revenues of the District, shall be subject to redemption or tender prior to maturity, shall be numbered, shall be payable at such place or places, within or without the state, shall have such parity and reserve requirements, shall be in such denominations, shall be sold at public or private sale and in such manner, at such times and in such amounts, shall be executed, shall be in such form and shall contain such other provisions, all as authorized by law and as provided by subsequent resolutions of the Board of Directors of the District.

ARTICLE III

Miscellaneous

SECTION 1. Effective Date. This Series Resolution shall take effect immediately.

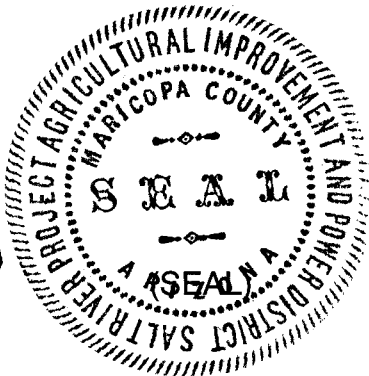
EXHIBIT B



CERTIFICATE

I, TERRILL A. LONON, the duly appointed, qualified, and acting Corporate Secretary of the Salt River Project Agricultural Improvement and Power District ("SRP"), a special district under Title 48 of the Arizona Revised Statutes, DO HEREBY CERTIFY that attached hereto is a true and correct copy of a resolution entitled **"A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$990,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM REFUNDING REVENUE BONDS OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT,"** as adopted by a majority of the SRP Board of Directors at a meeting held on June 5, 2000, at which a quorum was present and voted, and that no change, revision, amendment, or addendum has been made subsequent thereto.

IN WITNESS WHEREOF, I have set my hand and seal of the Salt River Project Agricultural Improvement and Power District, this 16th day of February, 2001.



A handwritten signature in cursive script that reads "Terrill A. Lonon".

Terrill A. Lonon
Corporate Secretary

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF
NOT EXCEEDING \$990,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM
REFUNDING REVENUE BONDS OF THE SALT RIVER PROJECT
AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

WHEREAS, the Board of Directors of the Salt River Project Agricultural Improvement and Power District (the "District"), by resolution adopted on November 1, 1972, as amended, (the "Resolution"), has created and established an issue of Salt River Project Electric System Revenue Bonds, and

WHEREAS, the Resolution authorizes the issuance of such Salt River Project Electric System Revenue Bonds in one or more series pursuant to a "Series Resolution" authorizing such series, and

WHEREAS, as of April 30, 2000, there are outstanding approximately \$2,787,600,000 Salt River Project Electric System Revenue Bonds, and

WHEREAS, the Board of Directors of the District has determined that it is necessary and required that the District issue, from time to time, not exceeding \$990,000,000 Salt River Project Electric System Refunding Revenue Bonds, pursuant to the Resolution or pursuant to a different resolution providing for a subordinate lien on the District's Revenues, to provide monies to refund any of the District's outstanding Bonds heretofore or hereafter issued pursuant to the Resolution;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Salt River Project Agricultural Improvement and Power District as follows:

ARTICLE I

Authority and Definitions

SECTION 1. Series Resolution. This Series Resolution is adopted in accordance with the provisions of Article II of the Resolution and pursuant to the authority contained in the Act.

SECTION 2. Definitions. All terms which are defined in Article I of the Resolution shall have the same meanings in this Series Resolution as such terms are given in Article I of the Resolution.

ARTICLE II

Authorization of Refunding Revenue Bonds

SECTION 1. Principal Amount and Series. Pursuant to the provisions of the Resolution, a series of bonds is hereby authorized in the aggregate principal amount of not exceeding \$990,000,000 (the "Refunding Bonds"). The Refunding Bonds shall be

designated as "Salt River Project Electric System Refunding Revenue Bonds." The Refunding Bonds may have a subordinate or parity lien on the Revenues of the District as shall be provided by subsequent resolutions of the Board of Directors of the District.

SECTION 2. Purposes. The Refunding Bonds are being issued to provide monies to refund any Bonds heretofore or hereafter issued and to pay expenses incurred in connection therewith.

SECTION 3. Maturities, Interest Rates, Redemption Provisions and other Details. The Refunding Bonds shall be dated, shall mature not more than fifty years from the date thereof, shall bear interest at such rate or rates, or discounted interest, not in excess of the legal rate, shall be secured by either a parity or subordinated lien on the Revenues of the District, shall be subject to redemption or tender prior to maturity, shall be numbered, shall be payable at such place or places, within or without the state, shall have such parity and reserve requirements, shall be in such denominations, shall be sold at public or private sale and in such manner, at such times and in such amounts, shall be executed, shall be in such form and shall contain such other provisions, all as authorized by law and as provided by subsequent resolutions of the Board of Directors of the District.

ARTICLE III

Miscellaneous

SECTION 1. Effective Date. This Series Resolution shall take effect immediately.

EXHIBIT C



CERTIFICATE

I, TERRILL A. LONON, the duly appointed, qualified, and acting Corporate Secretary of the Salt River Project Agricultural Improvement and Power District ("SRP"), a special district under Title 48 of the Arizona Revised Statutes, DO HEREBY CERTIFY that attached hereto is a true and correct copy of a resolution entitled "**RESOLUTION AUTHORIZING APPLICATION TO THE ARIZONA CORPORATION COMMISSION FOR AUTHORITY TO ISSUE NOT EXCEEDING \$900,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS AND NOT EXCEEDING \$990,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM REFUNDING REVENUE BONDS,**" as adopted by a majority of the SRP Board of Directors at a meeting held on June 5, 2000, at which a quorum was present and voted, and that no change, revision, amendment, or addendum has been made subsequent thereto.

IN WITNESS WHEREOF, I have set my hand and seal of the Salt River Project Agricultural Improvement and Power District, this 16th day of February, 2001.



A handwritten signature in cursive script, reading "Terrill A. Lonon".

Terrill A. Lonon
Corporate Secretary

**RESOLUTION AUTHORIZING APPLICATION TO THE ARIZONA
CORPORATION COMMISSION FOR AUTHORITY TO ISSUE NOT
EXCEEDING \$900,000,000 SALT RIVER PROJECT ELECTRIC SYSTEM
REVENUE BONDS AND NOT EXCEEDING \$990,000,000 SALT RIVER
PROJECT ELECTRIC SYSTEM REFUNDING REVENUE BONDS**

WHEREAS, the Board of Directors of the Salt River Project Agricultural Improvement and Power District (the "District") met at a special meeting on November 1, 1972, for the purpose of reviewing the matters necessary to fulfill the requirements of the Resolution Concerning Revenue Bonds, and

WHEREAS, the Board of Directors did thoroughly review those matters presented at such special meeting, and

WHEREAS, the Board of Directors, at special meetings held on March 24, 1977, November 7, 1977, April 3, 1978, July 10, 1978, October 4, 1978, February 26, 1979, October 4, 1979, March 6, 1980, April 7, 1980, October 17, 1980, December 1, 1980, March 25, 1981, October 5, 1981, October 6, 1983, January 19, 1984, January 17, 1985, March 3, 1986, September 30, 1986, May 5, 1987, November 19, 1987, February 1, 1988, October 27, 1988, April 13, 1989, December 12, 1989, January 25, 1990, March 14, 1991, February 4, 1992 and October 14, 1993, respectively, did amend the Resolution Concerning Revenue Bonds, and

WHEREAS, the Board of Directors, at the special meeting held on June 5, 2000, reviewed a need for and approved the issuance of not exceeding \$900,000,000 Salt River Project Electric System Revenue Bonds and not exceeding \$990,000,000 Salt River Project Electric System Refunding Revenue Bonds, and

WHEREAS, such Revenue Bonds and Refunding Revenue Bonds may be issued pursuant to the Resolution Concerning Revenue Bonds or pursuant to a different resolution providing for a subordinate lien on the District's Revenues, and

WHEREAS, pursuant to Title 48, Chapter 17, Article 7 of the Arizona Revised Statutes, Section 48-2465.B, the District must secure an order from the Arizona Corporation Commission (the "ACC") authorizing the issuance of revenue bonds and refunding revenue bonds;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Salt River Project Agricultural Improvement and Power District hereby authorizes the filing of an application by the Chief Financial Executive and Associate General Manager, Commercial and Customer Services, or the Manager of Financial Services, with the ACC for an order authorizing the issuance of (i) \$900,000,000 Salt River Project Electric System Revenue Bonds and (ii) \$990,000,000 Salt River Project Electric System Refunding Revenue Bonds, or such lesser amounts as they shall determine to be necessary to meet the financial needs of the District.

EXHIBIT D

**Salt River Project Agricultural Improvement and Power District
Estimated Distribution Capital Expenditures
For Fiscal Years 2001 - 2003**

| | Fiscal Year 2001 | Fiscal Year 2002 | Fiscal Year 2003 | Total |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------|
| Distribution | | | | |
| Underground Cable | \$ 27,690,902 | \$ 28,469,156 | \$ 29,463,094 | \$ 85,623,152 |
| System Lines | 9,219,850 | 12,890,024 | 13,092,124 | 35,201,998 |
| Municipal Aesthetics | 12,926,915 | 12,943,958 | 13,292,621 | 39,163,494 |
| Substations | 16,302,475 | 20,964,897 | 17,090,987 | 54,358,359 |
| System Improvements | 30,438,150 | 27,442,808 | 27,170,117 | 85,051,075 |
| New Business | 64,696,758 | 64,110,343 | 63,474,479 | 192,281,580 |
| Corporate Services | <u>13,605,340</u> | <u>8,497,169</u> | <u>8,415,226</u> | <u>30,517,735</u> |
| Total | \$ 174,880,389 | \$ 175,318,355 | \$ 171,998,648 | \$ 522,197,392 |

EXHIBIT E

Salt River Project Agricultural Improvement and Power District
Example of Refunding Bond Sale – 1997 Series A

Sources:

| | |
|--|-------------------|
| 1997 Series A, Electric System Revenue Bonds | \$256,005,000 |
| Original Issue Premium | 5,409,989 |
| Equity Premium | 30,459,039 |
| Funds from Debt Service Account | 4,424,394 |
| Released Debt Service Reserve Monies | 6,723,000 |
| Accrued Interest | <u>517,861</u> |
| TOTAL | \$303,539,283 |

Uses:

| | |
|-------------------------------|-------------------|
| Restricted Escrow | \$261,689,685 |
| Equity Contribution in Escrow | 34,673,434 |
| Original Issue Discount | 4,809,535 |
| Underwriter's Discount | 1,545,200 |
| Cost of Issuance | 303,567 |
| Accrued Interest | <u>517,861</u> |
| TOTAL | \$303,539,283 |

EXHIBIT F

Salt River Project Agricultural Improvement & Power District
Summary of Reduction in Debt Service Requirements
An Example of Refunding Bonds – 1997 Series A

| Total Existing Debt Service | Refunded Debt Service* | 1997 Series A Debt Service (1) | Total Debt Service After Refunding | Savings |
|--------------------------------|---------------------------|-----------------------------------|---------------------------------------|---------------|
| \$5,864,089,256 | (\$551,913,580) | \$439,324,419 | \$5,751,500,095 | \$112,071,301 |

(1) Net of accrued interest paid by purchasers of \$517,860

***Revenue Bonds Refunded**

| | <u>Principal Refunded</u> |
|--------------------------------------|---------------------------|
| 1973 Series B, 2011 Term Bond | \$41,300,000 |
| 1977 Series C, Serial Bond | 2,900,000 |
| 1986 Series C, Term and Serial Bonds | 118,740,000 |
| 1987 Series E, Serial Bond | 1,740,000 |
| 1988 Series A, Serial Bonds | 49,065,000 |
| 1988 Series B, Serial Bonds | 1,500,000 |
| 1989 Series A, Serial Bond | 3,425,000 |
| 1991 Series A, Serial and Term Bonds | 61,105,000 |
| 1992 Series D, Term Bonds | <u>6,705,000</u> |
| Total Principal | \$268,480,000 |

EXHIBIT G

**SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT
USAGE OF REVENUE BOND AUTHORIZATION
As of February 14, 2001**

| | |
|---|----------------------|
| New Money Bond Authorization Available at May 1, 1988 | \$ 130,762,160 |
| 1989 New Money Bond Authorization | <u>630,000,000</u> |
| Total New Money Bond Authorization Available | \$ 760,762,160 |
| Less: New Money Revenue Bonds Issued ¹ | <u>688,012,450</u> |
| New Money Bond Authorization Available at February 14, 2001 | \$ <u>72,749,710</u> |

¹New Money Revenue Bonds Issued

| | |
|------------------------------|-----------------------|
| 1988 Series B | \$ 100,000,000 |
| 1988 Series C | 17,182,500 |
| 1988 Series D | 4,603,600 |
| 1989 Series A | 149,999,467 |
| 1989 Series B | 17,462,500 |
| 1989 Series C | 4,078,200 |
| 1990 Series A | 100,000,000 |
| 1991 Series A | 60,920,000 |
| 1991 Series B | 21,074,000 |
| 1991 Series C | 4,063,800 |
| 1992 Series A | 44,222,000 |
| 1992 Series B | 7,537,600 |
| 1992 Series C | 105,400,483 |
| 1994 Series A | 43,833,500 |
| 1994 Series B | <u>7,634,800</u> |
| Total New Money Bonds Issues | \$ <u>688,012,450</u> |

EXHIBIT H



COMBINED BALANCE SHEETS DECEMBER 31, 2000 AND APRIL 30, 2000

ASSETS

CAPITALIZATION & LIABILITIES

| | (\$000) | |
|--|--------------|-------------|
| | DECEMBER 31 | APRIL 30 |
| UTILITY PLANT, AT ORIGINAL COST | | |
| PLANT IN SERVICE - | | |
| ELECTRIC | \$ 5,879,467 | \$5,765,976 |
| IRRIGATION | 233,270 | 227,423 |
| COMMON | 387,067 | 393,577 |
| TOTAL PLANT IN SERVICE | 6,499,804 | 6,386,976 |
| LESS - ACCUMULATED DEPRECIATION | 3,038,687 | 2,925,512 |
| | 3,461,117 | 3,461,464 |
| PLANT HELD FOR FUTURE USE | 31,134 | 31,134 |
| CONSTRUCTION WORK IN PROGRESS | 261,481 | 200,805 |
| NUCLEAR FUEL AT AMORTIZED COST | 38,604 | 40,980 |
| | 3,792,336 | 3,734,383 |
| OTHER PROPERTY AND INVESTMENTS | | |
| NON-UTILITY PROPERTY AND OTHER INVESTMENTS | 188,766 | 119,336 |
| SEGREGATED FUNDS, NET OF CURRENT PORTION | 364,383 | 557,642 |
| | \$ 553,149 | \$ 676,978 |
| LONG TERM DEBT | | |
| ELECTRIC SYSTEM REVENUE BONDS, NET OF CURRENT PORTION | \$ 2,643,603 | \$2,639,866 |
| COMMERCIAL PAPER AND OTHER | 525,000 | 525,000 |
| | 3,168,603 | 3,164,866 |
| ACCUMULATED NET REVENUES INVESTED PRINCIPALLY IN UTILITY PLANT | | |
| BALANCE BEGINNING OF YEAR | 2,038,893 | 1,898,934 |
| NET REVENUES FOR THE YEAR | 318,909 | 118,680 |
| NET UNREALIZED GAIN(LOSS) ON SECURITIES FOR THE YEAR | (19,238) | 21,279 |
| BALANCE END OF YEAR | 2,338,564 | 2,038,893 |
| TOTAL CAPITALIZATION | \$ 5,507,167 | \$5,203,759 |

EXHIBIT I



COMBINED BALANCE SHEETS DECEMBER 31, 2000 AND APRIL 30, 2000

ASSETS

(\$000)

DECEMBER 31 APRIL 30

CURRENT ASSETS

| | | |
|---|------------------|----------------|
| CASH AND CASH EQUIVALENTS, AT COST | \$ 148,520 | \$ 75,830 |
| TEMPORARY INVESTMENTS | 584,039 | 366,858 |
| CURRENT PORTION SEGREGATED FUNDS | 147,842 | 74,294 |
| TRADE AND OTHER ACCOUNTS RECEIVABLE, LESS DOUBTFUL ACCOUNTS | 371,706 | 172,385 |
| FUEL STOCKS, AT LAST-IN, FIRST-OUT COST | 10,515 | 27,610 |
| MATERIALS AND SUPPLIES, AT AVERAGE COST | 65,139 | 62,216 |
| OTHER CURRENT ASSETS | 31,885 | 29,029 |
| | <u>1,359,646</u> | <u>808,222</u> |

DEFERRED CHARGES AND OTHER
ASSETS

| | | |
|----|------------------|---------------------|
| | <u>646,926</u> | <u>745,650</u> |
| \$ | <u>6,352,057</u> | <u>\$ 5,965,233</u> |

CAPITALIZATION & LIABILITIES

(\$000)

DECEMBER 31 APRIL 30

CURRENT LIABILITIES

| | | |
|-----------------------------------|----------------|----------------|
| CURRENT PORTION LONG TERM DEBT | \$ 73,555 | \$ 74,255 |
| ACCOUNTS PAYABLE | 88,163 | 110,238 |
| ACCRUED TAXES AND TAX EQUIVALENTS | 41,241 | 32,772 |
| ACCRUED INTEREST | 78,335 | 53,029 |
| CUSTOMERS' DEPOSITS | 24,131 | 22,082 |
| OTHER CURRENT LIABILITIES | <u>117,401</u> | <u>84,484</u> |
| | <u>422,826</u> | <u>376,860</u> |

DEFERRED CREDITS AND OTHER
NON-CURRENT LIABILITIES

| | | |
|----|------------------|---------------------|
| | <u>442,064</u> | <u>384,614</u> |
| \$ | <u>6,352,057</u> | <u>\$ 5,965,233</u> |

EXHIBIT J



COMBINED STATEMENT OF ELECTRIC AND WATER OPERATIONS

FOR THE FISCAL YEAR-TO-DATE THROUGH DECEMBER 31, 2000

| | <u>(\$000)</u> |
|---|-------------------|
| OPERATING REVENUES | |
| ELECTRIC | \$2,063,493 |
| WATER AND IRRIGATION | <u>13,259</u> |
| TOTAL OPERATING REVENUES | <u>2,076,752</u> |
| OPERATING EXPENSES | |
| PURCHASED POWER | 703,779 |
| FUEL USED IN ELECTRIC GENERATION | 326,626 |
| WATER FOR POWER | 3,991 |
| OTHER OPERATING EXPENSES | 244,413 |
| MAINTENANCE | 95,553 |
| DEPRECIATION AND AMORTIZATION | 257,658 |
| TAXES AND TAX EQUIVALENTS | <u>52,092</u> |
| TOTAL OPERATING EXPENSES | <u>1,684,112</u> |
| NET OPERATING REVENUE | <u>392,640</u> |
| OTHER INCOME | |
| INTEREST EARNED ON INVESTMENTS AND DEPOSITS | <u>44,795</u> |
| NET REVENUES BEFORE FINANCING COSTS | 437,435 |
| FINANCING COSTS | |
| INTEREST ON BONDS | 99,533 |
| AMORTIZATION OF BOND DISCOUNT, ISSUE | |
| AND RE-FINANCING EXPENSES | 3,320 |
| INTEREST ON OTHER OBLIGATIONS | 16,795 |
| CAPITALIZED INTEREST - DEDUCTION | <u>3,641</u> |
| NET FINANCING COSTS | <u>116,007</u> |
| OTHER INCOME (DEDUCTIONS) NET | <u>(2,519)</u> |
| NET REVENUES (LOSS) | <u>\$ 318,909</u> |

EXHIBIT K

ANNUAL CONTINUING DISCLOSURE FILING
PURSUANT TO SEC RULE 15c2-12

RELATING TO

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT
ELECTRIC SYSTEM REVENUE BONDS

DATED: October 26, 2000

This Annual Continuing Disclosure Filing (the "Annual Report") is prepared pursuant to written undertakings made to assist underwriters in complying with their obligations in accordance with SEC Rule 15c2-12. **Part 1** lists the issues of bonds in connection with which the Salt River Project Agricultural Improvement and Power District (the "District") has contractually agreed to provide this Annual Report. **Part 2** sets forth certain details of the issues listed in Part 1. **Part 3** sets forth the information in the original official statement which the District has contractually agreed to update, together with a reference to where such update can be located in this Annual Report. **Part 4** lists any material events which have occurred. **Part 5** describes whether audited or unaudited financial statements are attached, or whether they are incorporated by reference herein. **Part 6** sets forth additional relevant information.

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Part 1. Issues Covered by this Annual Report

\$256,005,000 Salt River Project Electric System Refunding Revenue Bonds, 1997 Series A
\$29,811,500 Salt River Project Electric System Refunding Revenue Bonds, 1997 Series B
\$5,340,600 Salt River Project Electric System Refunding Revenue Bonds, 1997 Series C

Part 2. Details of Each Issue of Bonds

1997 Series A

Date of Issue: October 1, 1997

Interest Payment Dates: January 1 and July 1

Credit Enhancement: None

Interest, principal amount, maturity and CUSIP: Serial Bonds

| Interest | Amount | Maturity (1/1) | CUSIP |
|-----------------|---------------|-----------------------|--------------|
| 5.500% | 20,060,000 | 2001 | 79575DJM3 |
| 4.500% | 15,685,000 | 2002 | 79575DJN1 |
| 5.500% | 16,340,000 | 2003 | 79575DJP6 |
| 6.000% | 2,920,000 | 2004 | 79575DJQ4 |
| 6.000% | 3,060,000 | 2005 | 79575DJR2 |
| 6.000% | 3,315,000 | 2006 | 79575DJS0 |
| 6.000% | 3,390,000 | 2007 | 79575DJT8 |
| 6.000% | 7,355,000 | 2008 | 79575DJU5 |
| 5.500% | 7,825,000 | 2009 | 79575DJV3 |
| 5.125% | 8,315,000 | 2010 | 79575DJW1 |
| 5.000% | 4,720,000 | 2011 | 79575DJX9 |

Term Bonds

| Interest | Amount | Maturity (1/1) | CUSIP |
|-----------------|---------------|-----------------------|--------------|
| 5.125% | \$26,000,000 | 2018 | 79575DJY7 |
| 5.000% | 110,985,000 | 2020 | 79575DJZ4 |

Redemption Provisions:

1997 Series A Bonds are redeemable prior to maturity on such dates and at such prices as are set forth below:

Optional Redemption

The 1997 Series A Bonds maturing on and after January 1, 2009, will be redeemable at the election of the District in whole or in part, by random selection within a maturity by the Trustee from maturities selected by the District, at any time on or after January 1, 2008, at the respective Redemption Prices (expressed as percentages of the principal amount of the 1997

Series A Bonds, or portion thereof, to be redeemed) set forth below, together with accrued interest to, but not including the redemption date.

| Period During Which Redeemed (Both Dates Inclusive) | Redemption Price |
|--|-----------------------------|
| January 1, 2008 – December 31, 2008 | 101% |
| January 1, 2009 – December 31, 2009 | 100.5% |
| January 1, 2010 and thereafter | 100% |

The 1997 Series A Bonds maturing January 1, 2000, through January 1, 2008, inclusive, are not subject to redemption prior to maturity.

Sinking Fund Redemption

The 1997 Series A Bonds maturing on January 1, 2020, will be subject to redemption prior to maturity, upon random selection within a maturity by the Trustee, by operation of the Debt Service Fund to satisfy the Sinking Fund Installments required by the Resolution, on and after January 1, 2018, at 100% of the principal amount of the 1997 Series A Bonds to be redeemed together with accrued interest up to but not including the redemption date, and such Sinking Fund Installments will be sufficient to redeem such 1997 Series A Bonds on the dates set forth below:

| <u>January 1</u> | <u>Principal Amount</u> |
|-----------------------|-------------------------|
| 2018 | \$20,965,000 |
| 2019 | 51,890,000 |
| 2020 (final maturity) | 38,130,000 |

The Sinking Fund Installments may be satisfied by the District by delivering to the Trustee, 1997 Series A Bonds of such maturities theretofore purchased or redeemed by the District otherwise than by sinking fund redemptions.

1997 Series B – Interest Bearing

Date of Issue: December 17, 1997

Interest Payment Dates: January 1 and July 1

Credit Enhancement: None

Interest, principal amount, maturity and CUSIP: Serial Bonds

| Interest | Amount | Maturity (1/1) | CUSIP |
|-----------------|---------------|-----------------------|--------------|
| 4.55% | \$15,000,000 | 2003 | 79575DKC3 |
| 4.55% | 8,113,000 | 2004 | 79575DKD1 |
| 4.55% | 1,894,000 | 2006 | 79575DKF6 |
| 4.55% | 4,804,500 | 2007 | 79575DKG4 |

Optional Redemption

Commencing on July 1, 1998, any 1997 Series B Bond is subject to redemption at any time prior to maturity, at the election of the Bondholder, if the District is not in default under the Resolution; such redemption will occur 30 days after written notice is received by the Trustee, at a price of par less a redemption fee of \$15 per \$500 1997 Series B Bond to be redeemed (which is equal to 3% of the purchase price of each \$500 1997 Series B Bond), together with accrued interest to the redemption date. The District's obligation to redeem the 1997 Series B Bonds at the election of the Bondholders is limited in any calendar year to 5% of the then outstanding principal amount of all of the 1997 Series B Bonds. Redemptions will be processed in the order of receipt of redemption requests by the Trustee. The District's agreement to redeem 1997 Series B Bonds at the option of the Bondholder is an unsecured obligation payable only from lawfully available funds of the District and not from Revenues held under the Resolution. Failure to so redeem will not cause a default under the Resolution.

The 1997 Series B Bonds are also subject to redemption prior to maturity at the election of the District on 25 days written notice, as provided in the Resolution, as a whole or in part by lot at any time on or after July 1, 1998, at a Redemption Price equal to 101 1/2% of the principal amount of the 1997 Series B Bonds to be redeemed, together with accrued interest to the redemption date.

1997 Series C – Capital Appreciation

Date of Issue: December 17, 1997

Interest Payment Dates: None (Capital Appreciation Bonds)

Credit Enhancement: None

Yield, principal amount, maturity and CUSIP:

Serial Bonds

| Yield | Amount | Maturity (1/1) | CUSIP |
|--------------|---------------|-----------------------|--------------|
| 4.55% | \$5,340,600 | 2005 | 79575DKH2 |

Accreted Value

The Accreted Value amount due at optional redemption and maturity of each \$200 1997 Series C Bond on the first day of each month of maturity will be as set forth in the following Accreted Value Table. The Accreted Value of each \$200 1997 Series C Bond on any other date will be calculated on an assumption that such Accreted Value increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months.

The Accreted Value due at maturity of the 1997 Series C Bonds will be payable by check mailed to the registered owner or his registered assigns, at his address as it appears on the bond register maintained by the Trustee, but only upon surrender of the 1997 Series C Bond to the Trustee.

**ACCREDITED VALUE TABLE
RELATING TO EACH \$200 1997 SERIES C BOND**

| <u>Date</u> | <u>Accreted Value</u> | <u>Date</u> | <u>Accreted Value</u> | <u>Date</u> | <u>Accreted Value</u> |
|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|
| January 1, 1998 | 200.35 | January 1, 2001 | 229.30 | January 1, 2004 | 262.44 |
| February 1, 1998 | 201.10 | February 1, 2001 | 230.16 | February 1, 2004 | 263.42 |
| March 1, 1998 | 201.86 | March 1, 2001 | 231.03 | March 1, 2004 | 264.41 |
| April 1, 1998 | 202.62 | April 1, 2001 | 231.90 | April 1, 2004 | 265.40 |
| May 1, 1998 | 203.38 | May 1, 2001 | 232.77 | May 1, 2004 | 266.40 |
| June 1, 1998 | 204.14 | June 1, 2001 | 233.64 | June 1, 2004 | 267.40 |
| July 1, 1998 | 204.91 | July 1, 2001 | 234.52 | July 1, 2004 | 268.41 |
| August 1, 1998 | 205.68 | August 1, 2001 | 235.40 | August 1, 2004 | 269.41 |
| September 1, 1998 | 206.45 | September 1, 2001 | 236.28 | September 1, 2004 | 270.43 |
| October 1, 1998 | 207.23 | October 1, 2001 | 237.17 | October 1, 2004 | 271.44 |
| November 1, 1998 | 208.00 | November 1, 2001 | 238.06 | November 1, 2004 | 272.46 |
| December 1, 1998 | 208.79 | December 1, 2001 | 238.96 | December 1, 2004 | 273.49 |
| January 1, 1999 | 209.57 | January 1, 2002 | 239.85 | January 1, 2005 | 274.51 |
| February 1, 1999 | 210.36 | February 1, 2002 | 240.75 | | |
| March 1, 1999 | 211.15 | March 1, 2002 | 241.66 | | |
| April 1, 1999 | 211.94 | April 1, 2002 | 242.57 | | |
| May 1, 1999 | 212.74 | May 1, 2002 | 243.48 | | |
| June 1, 1999 | 213.54 | June 1, 2002 | 244.39 | | |
| July 1, 1999 | 214.34 | July 1, 2002 | 245.31 | | |
| August 1, 1999 | 215.14 | August 1, 2002 | 246.23 | | |
| September 1, 1999 | 215.95 | September 1, 2002 | 247.16 | | |
| October 1, 1999 | 216.76 | October 1, 2002 | 248.08 | | |
| November 1, 1999 | 217.58 | November 1, 2002 | 249.02 | | |
| December 1, 1999 | 218.39 | December 1, 2002 | 249.95 | | |
| January 1, 2000 | 219.21 | January 1, 2003 | 250.89 | | |
| February 1, 2000 | 220.04 | February 1, 2003 | 251.83 | | |
| March 1, 2000 | 220.86 | March 1, 2003 | 252.78 | | |
| April 1, 2000 | 221.69 | April 1, 2003 | 253.73 | | |
| May 1, 2000 | 222.53 | May 1, 2003 | 254.68 | | |
| June 1, 2000 | 223.36 | June 1, 2003 | 255.64 | | |
| July 1, 2000 | 224.20 | July 1, 2003 | 256.60 | | |
| August 1, 2000 | 225.04 | August 1, 2003 | 257.56 | | |
| September 1, 2000 | 225.89 | September 1, 2003 | 258.53 | | |
| October 1, 2000 | 226.74 | October 1, 2003 | 259.50 | | |
| November 1, 2000 | 227.59 | November 1, 2003 | 260.48 | | |
| December 1, 2000 | 228.44 | December 1, 2003 | 261.45 | | |

For the purposes of (i) receiving payment of the Redemption Price if a 1997 Series C Bond is redeemed prior to maturity, or (ii) receiving payment of a 1997 Series C Bond if the principal of all 1997 Series C Bonds is declared immediately due and payable following an Event of Default, as provided in the Resolution, or (iii) computing the principal amount of 1997 Series C Bonds held by a Bondholder in giving to the District or the Trustee any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, or (iv) computing the principal amount of any 1997 Series C Bond for any other purpose under the Resolution, the principal amount of a 1997 Series C Bond will be deemed to be its Accreted Value.

Optional Redemption

Commencing on July 1, 1998, any 1997 Series C Bond is subject to redemption at any time prior to maturity, at the election of the Bondholder, if the District is not in default under the Resolution; such redemption will occur after written notice is received by the Trustee at 100% of the Accreted Value thereof less a redemption fee of \$6.00 per \$200 1997 Series C Bond, which is equal to 3% of the purchase price of each \$200 1997 Series C Bond. Upon receiving such notice, the District will redeem the 1997 Series C Bonds on the first day, at its option, of either of the next two succeeding months. The District's obligation to redeem the 1997 Series C Bonds at the election of the Bondholders is limited in any calendar year to 5% of the then outstanding Accreted Value of all of the 1997 Series C Bonds. Redemptions will be processed in the order of receipt of redemption requests by the Trustee. The District's agreement to redeem 1997 Series C Bonds at the option of the Bondholder is an unsecured obligation payable only from lawfully available funds of the District and not from Revenues held under the Resolution. Failure to so redeem will not cause default under the Resolution.

The 1997 Series C Bonds are also subject to redemption prior to maturity at the election of the District on 25 days written notice, as provided in the Resolution, as a whole or in part by lot at any time on or after July 1, 1998, at a Redemption Price equal to the Accreted Value of the 1997 Series C Bonds to be redeemed, plus a redemption premium of \$3.00 per \$200 unit, which is equal to 1 1/2% of the purchase price of each 1997 Series C Bond.

Part 3. Nature of Continuing Disclosure

1. Information as to any changes in the District's number of electric customers and the corresponding customer growth rates in substantially the same level of detail as found in Table 3 under the heading "Economic and Customer Growth in the District's Service Area"; **SEE APPENDIX A (Page A-1)**
2. An update of the information listing District power sources and participation interests in power generating facilities in substantially the same level of detail found in Table 4 and Table 5 under the heading "The Electric System"; **SEE APPENDIX A (Pages A-1, A-2, A-3, A-4)**
3. Information as to any changes or proposed changes in the electric rates charged by the District and the comparison of such rates with those of competing utilities in

substantially the same level of detail as found in Table 9 under the heading "Electric Rates"; **SEE APPENDIX A (Pages A-5, A-6)**

4. An update of the information relating to customer base and classification, electric power sales, the District's revenues and expenses in substantially the same level of detail found in Table 10 and Table 11 under the heading "Customers, Sales, Revenues and Expenses"; **SEE APPENDIX A (Pages A-7, A-8, A-9)**
5. (a) An update summarizing the contractual payment obligations of the District on behalf of other political subdivisions which obligations secure debt service on bonds other than bonds issued by the District in substantially the same level of detail as found under the heading "Customers, Sales, Revenues and Expenses – Contractual Obligations Relating to Bonds of Other Political Subdivisions" and (b) a statement of no default under such notes, minibonds or parity indebtedness; **SEE APPENDIX A (Page A-10)**
6. (a) Information as to the authorization or issuance by the District of any notes, other obligations, minibonds or parity indebtedness in substantially the same level of detail as found under the heading "Financial Factors of the District" and (b) a statement of no default under such notes, minibonds or parity indebtedness; **SEE APPENDIX A (Pages A-10, A-11)**
7. Information as to the outstanding balances and required debt service on any United States Government Loans; **SEE APPENDIX A (Page A-11)**
8. An update summarizing the District's discussions of operations in substantially the same level of detail as found under the heading "Financial Factors of the District – Management's Discussion of Operations" or an annual report; **SEE ATTACHMENT 1**
9. (a) An update of the balance in the Debt Reserve Account and (b) an update of all information relating to actual debt service requirements and coverages for outstanding revenue bonds and other prior and parity debt obligations in substantially the same level of detail as found in Table 15, Table 16 and Table 17 under the heading "Financial Factors of the District – Outstanding Long-Term Indebtedness"; **SEE APPENDIX A (Pages A-11, A-12, A-13, A-14)**
10. Such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of the District; **SEE APPENDIX A (Pages A-14, A-15)**

Part 4. Notice of Material Events

If any of the following events are checked, an explanation of each such event is set forth in Appendix C.

- ☐ Event of Default resulting from Principal and Interest Delinquencies.
- ☐ Non-payment Related Event of Default.
- ☐ Unscheduled Draws on Debt Service Reserves Reflecting Financial Difficulties.
- ☐ Unscheduled Draws on Credit Enhancements Reflecting Financial Difficulties.
- ☐ Substitution of Credit or Liquidity Providers, or their Failure to Perform.
- ☐ Adverse Tax Opinions or Events Affecting the Tax-Exempt Status of the Bonds.
- ☐ Modifications to the Rights of Bondholders.
- ☐ Giving of notice of redemption (which do not include regularly scheduled or mandatory sinking fund redemptions effectuated in accordance with the Resolution).
- ☐ Defeasance of the Bonds.
- ☐ Release, Substitution or Sale of Property Securing Repayment of the Bonds.
- ☐ Rating Changes on the Bonds.

Part 5. Audited Financial Statements.

Attached hereto as Appendix B are the following:

- ☒ Audited Financial Statements of the Salt River Project Agricultural Improvement and Power District
- ☐ Unaudited Financial Statements of the Salt River Project Agricultural Improvement and Power District. The Audited Financial Statements will be forwarded as soon as they are available.

Part 6. Additional Relevant Information

1. The continuing disclosure undertakings for the Bonds contained a typographical error in Section 3. (ix). Section 3. (ix) of the continuing disclosure undertakings was amended by changing the words "Table 13, Table 14 and Table 15" to the words "Table 15, Table 16 and Table 17." The references to "Table 13, Table 14 and Table 15" were erroneous because such Tables did not contain the information the District had agreed to update. The continuing disclosure undertakings, as so amended, would have complied with the

requirements of Rule 15c2-12 at the time of the offering of the Bonds and do comply as of the date hereof.

PART 3. #1

The District prepares forecasts of customer and load growth in its service area. These forecasts are used in the evaluation of the District's future power and energy needs, and prospective operating revenues and expenses. Historical and projected population and customer figures are shown in Table 3.

| TABLE 3 Population and District Electric Customer Growth (In thousands except for percentages) | | | | | | | | |
|---|----------------------------------|----------------------|---|------------------------|--------------------------|---------------------|--|------------------------|
| Year | Population ⁽¹⁾ | | District Electric Customers ⁽²⁾ | | Population Growth | | District Electric Customer Growth | |
| | State of Arizona | Phx-Mesa MSA | Residential Customers | Total Customers | State of Arizona | Phx-Mesa MSA | Residential Customers | Total Customers |
| | Percent Change | | | | | | | |
| 1990 | 3,681 | 2,247 | 476 | 526 | 1.6 | 1.3 | 1.5 | 1.4 |
| 1991 | 3,767 | 2,300 | 488 | 538 | 2.3 | 2.3 | 2.4 | 2.3 |
| 1992 | 3,859 | 2,356 | 498 | 549 | 2.4 | 2.5 | 2.1 | 2.0 |
| 1993 | 3,959 | 2,418 | 512 | 564 | 2.6 | 2.6 | 2.7 | 2.7 |
| 1994 | 4,072 | 2,488 | 529 | 582 | 2.8 | 2.9 | 3.4 | 3.3 |
| 1995 | 4,307 ⁽³⁾ | 2,668 ⁽³⁾ | 547 | 602 | 5.8 | 7.2 | 3.4 | 3.4 |
| 1996 | 4,462 | 2,779 | 567 | 625 | 3.6 | 4.2 | 3.7 | 3.7 |
| 1997 | 4,600 | 2,871 | 589 | 649 | 3.1 | 3.3 | 3.8 | 3.8 |
| 1998 | 4,764 | 2,964 | 609 | 671 | 3.6 | 3.2 | 3.5 | 3.4 |
| 1999 | 4,843 | 3,037 | 636 | 700 | 1.7 | 2.5 | 4.3 | 4.4 |
| 2000 | 4,962 | 3,116 | 657 | 724 | 2.5 | 2.6 | 3.4 | 3.4 |
| 2006 ⁽⁴⁾ | 5,672 | 3,591 | 785 | 865 | 2.3 ⁽⁵⁾ | 2.4 ⁽⁵⁾ | 3.0 ⁽⁵⁾ | 3.0 ⁽⁵⁾ |

⁽¹⁾ As of July 1 of each year from State of Arizona, Department of Economic Security and Maricopa County Association of Governments.

⁽²⁾ As of April 30 of each year.

⁽³⁾ 1995 population numbers are based on the 1995 Special Census revisions by Arizona State University. Historical numbers prior to 1995 have not officially been revised.

⁽⁴⁾ Based on current District projections, 2000.

⁽⁵⁾ Annual compound percentage growth rates (calendar years 2000 – 2006 for population and fiscal years 2000-2006 for electric distribution customers).

PART 3. #2

Summary of Existing Power Sources

During the fiscal year ended April 30, 2000 the District's largest source of energy was thermal generating facilities, which supplied 71.8% of the District's total production. Hydroelectric generation provided 3.8% of production with 2.6% of production coming from purchases from the Arizona Power Authority ("Authority"), and the United States Department of Energy, Western Area Power Administration ("WAPA") of hydroelectric generation from the Colorado River, and 1.2% coming from the District's own hydroelectric plants. The remaining 24.4% came from various purchases. Table 4 provides more detail on District power sources.

TABLE 4
Fiscal Year 2000 District Power Sources

| | Capacity (MW) ⁽¹⁾ | Net Production Amount (MWh) ⁽²⁾ | % of Total |
|---|---------------------------------|--|---------------|
| District Generation: | | | |
| One Hundred Percent Entitlement – Hydroelectric: | | | |
| Roosevelt Dam | 36 | 53,578 | 0.2 |
| Mormon Flat Dam | 58 | 94,734 | 0.3 |
| Horse Mesa Dam | 128 | 213,505 | 0.6 |
| Stewart Mountain Dam | 13 | 29,409 | 0.1 |
| Canal Plant (Crosscut) | 3 | 4,713 | 0.0 |
| Canal Plant (South Consolidated) | 1 | 1,416 | 0.0 |
| Subtotal | 239 | 397,355 | 1.2 |
| One Hundred Percent Entitlement – Thermal: | | | |
| Kyrene | 106 | 48,783 | 0.1 |
| Kyrene (Gas Turbine) | 143 | 20,731 | 0.1 |
| Agua Fria | 407 | 1,021,797 | 3.0 |
| Agua Fria (Gas Turbine) | 190 | 53,623 | 0.2 |
| Santan Combined Cycle | 280 | 857,743 | 2.5 |
| Coronado Generating Station | 760 | 5,530,725 | 16.1 |
| Subtotal | 1,886 | 7,533,402 | 22.0 |
| One Hundred Percent Entitlement – Solar: | | | |
| Solar | | 435 | 0.0 |
| Participation Entitlements - Thermal: | | | |
| Navajo Generating Station | 489 | 4,037,932 | 11.7 |
| Four Corners Generating Station Units 4 & 5 | 148 | 1,042,773 | 3.0 |
| Mohave Generating Station | 140 | 1,016,538 | 3.0 |
| Hayden Generating Station Unit No. 2 | 131 | 966,172 | 2.8 |
| Craig Generating Station Units 1 & 2 | 248 | 2,062,118 | 6.0 |
| Palo Verde Nuclear Generating Station | 652 | 5,356,956 | 15.6 |
| Subtotal | 1,808 | 14,482,489 | 42.1 |
| Purchases and Receipts ⁽³⁾ : | | | |
| APA – Arizona Power Authority | 54 ⁽⁴⁾ | 195,684 | 0.6 |
| WAPA – Colorado River Storage Project | 123 ⁽⁵⁾ | 569,597 | 1.6 |
| WAPA – Parker-Davis Dams | 32 ⁽⁶⁾ | 142,051 | 0.4 |
| WAPA – CAWCD/Navajo Surplus | 693 | 2,636,657 | 7.7 |
| AEPCO – Arizona Electric Power Cooperative | 100 | 754,420 | 2.2 |
| TEP - Tucson Electric Power Company | 100 | 656,645 | 1.9 |
| Others | 857 ⁽⁷⁾ | 6,974,841 | 20.3 |
| Subtotal | 1,959 | 11,929,895 | 34.7 |
| TOTAL | 5,892 | 34,343,576 | 100.0 |

(1) Continuous load capability during summer peak demand periods. Winter capability may be greater.

(2) Actual net production during the fiscal year ended April 30, 2000. Energy for pumped storage operation is not deducted.

(3) Purchase and receipt capabilities vary month to month. Listed are the capabilities for the peak month.

(4) Includes 25 MW wheeled for certain electrical/irrigation districts.

(5) Includes 17 MW wheeled for certain electrical/irrigation districts.

(6) 32 MW available from March through September and 23 MW available from October through February.

(7) Short term purchases by contract of at least one-month duration.

Planned Expansion

The District has plans to add a 250-megawatt natural gas generating station at its Kyrene Generating Station. The Arizona Power Plant Siting Committee (the "Siting Committee") of the Arizona Corporation Commission (the "Commission") has approved the required application for a Certificate of Environmental Compatibility ("CEC"), and the application now must be approved by the Commission. If approval is granted, the District hopes to have the plant on line in 2002 to meet projected electricity demand.

The District is also pursuing the addition of an 825-megawatt natural gas generating station at its existing Santan Generating Station. The District's application for the required CEC is under

consideration by the Siting Committee and is also subject to review and approval by the Commission.

Participation in Generating Facilities

The District has an ownership interest in six jointly held generating facilities. The percent participation of the District and the other participants in these facilities is set forth in Table 5. The ownership in and operating agents of some of these six jointly owned facilities will likely change due to divestiture in connection with the restructuring of the electric utility industry. With the exception of the District, the participants in Mohave Generating Station ("Mohave"), which are Southern California Edison ("SCE"), Nevada Power Company and Los Angeles Department of Water and Power, have entered into contracts to sell their Mohave interests to AES Corp ("AES"), a global power company based in Virginia. These contracts are pending regulatory approvals. SCE has also notified the co-owners of its plans to sell its interest in Four Corners Generating Station ("Four Corners") and is currently negotiating the sale of its interests in Palo Verde Nuclear Generating Station and Four Corners to APS. In addition to the sale of its interest in Mohave, Nevada Power Company, in a merger application filed with the Public Utilities Commission of Nevada, has proposed selling its 11.3% interest in the Navajo Generating Station ("NGS"). Under the existing participation agreements for NGS, Four Corners and Mohave, the remaining participants have a right of first refusal with respect to a proposed sale of an interest and a new participant would be required to assume all liabilities and obligations of the transferring participant. However, in most cases the transferring participant would not be relieved of its liabilities and obligations unless the other participants agreed. The District does not anticipate that a divestiture by another participant would materially impact the District's operations or financial condition.

TABLE 5
District Participation Interests in Existing Generating Facilities⁽¹⁾

| | Navajo Generating Station | Four Corners Generating Station Units 4 & 5 | Mohave Generating Station | Hayden Generating Station Unit 2 | Craig Generating Station Units 1 & 2 | Palo Verde Nuclear Generating Station |
|---|---------------------------------|---|---------------------------------|---|--|--|
| Project Capabilities | | | | | | |
| Total Continuous Load Capabilities (MW) | 2,250 | 1,570 ⁽²⁾ | 1,580 ⁽³⁾ | 262 | 856 | 3,810 ⁽⁴⁾ |
| Project Participants | | | | | | |
| District | 21.7% | 10.0% | 10.0% | 50.0% | 29.0% | 17.5% |
| Arizona Public Service Co. ("APS") | 14.0 | 15.0 | - | - | - | 29.1 |
| Department of Water & Power, Los Angeles ("LADWP") | 21.2 | - | 20.0 ⁽⁶⁾ | - | - | 5.7 |
| El Paso Electric Co. ("El Paso") | - | 7.0 | - | - | - | 15.8 |
| Nevada Power Company | 11.3 | - | 14.0 ⁽⁶⁾ | - | - | - |
| Platte River Power Authority | - | - | - | - | 18.0 | - |
| PacifiCorp | - | - | - | 12.6 | 19.3 | - |
| Public Service Company of Colorado ("PSCo") | - | - | - | 37.4 | 9.7 | - |
| Public Service Company of New Mexico ("PNM") | - | 13.0 | - | - | - | 10.2 |
| Southern California Edison Co. ("SCE") | - | 48.0 | 56.0 ⁽⁶⁾ | - | - | 15.8 |
| Southern California Public Power Authority ("SCPPA") | - | - | - | - | - | 5.9 |
| Tri-State Generation and Transmission Association, Inc. ("Tri-State") | - | - | - | - | 24.0 | - |
| Tucson Electric Power Company ("TEP") | 7.5 | 7.0 | - | - | - | - |
| U.S. Bureau of Reclamation ("USBR") | 24.3 ⁽⁵⁾ | - | - | - | - | - |
| Total Percentage | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

⁽¹⁾ Generally, if a default by any participant in the payment or performance of an obligation under a participation agreement continues without having been cured or without the participant having commenced and continued to cure the default, then the non-defaulting participants may suspend the right of the defaulting participant to receive its capacity entitlement. In case of default, (1) each non-defaulting participant will bear a portion of the operation and maintenance costs otherwise payable by the defaulting participant in the ratio of the non-defaulting participant's respective capacity entitlement to the total capacity entitlement of all non-defaulting participants, and (2) the defaulting participant will be liable to the non-defaulting participants for all costs incurred by the non-defaulting participants pursuant to (1) and for all costs in operating the project at a reduced level of generation brought about by the reduction of the capacity entitlement of the defaulting participant. USBR's participation interest in the Navajo Generating Station is not subject to these suspension procedures, but USBR is obligated to bear its proportionate part of the operation and maintenance costs of any defaulting participant in the Navajo Generating Station.

⁽²⁾ Amount shown is maximum capability. Normal continuous load capability is 1,480 MW.

⁽³⁾ Amount shown is maximum capability. Normal continuous load capability is 1,400 MW.

⁽⁴⁾ Amount shown is maximum capability. Normal continuous load capability is 3,733 MW.

⁽⁵⁾ The District holds legal title to this percentage of the Navajo Generating Station for the use and benefit of USBR.

⁽⁶⁾ Pending regulatory approval for sale of interest to AES Corp.

PART 3. #3

ELECTRIC RATES

Under Arizona law, the District's publicly elected Board of Directors (the "Board") has the exclusive authority to establish electric prices in accordance with certain public notice and special board meeting procedures. However, Arizona's utility restructuring legislation, the Electric Power Competition Act (the "Competition Act") permits pricing decisions made by the Board to be appealed directly to the Arizona Court of Appeals, bypassing the trial court. The permitted bases for appeal are that a decision was unlawful, that a decision was not supported by substantial evidence or that the District abused its discretion. The filing of such an appeal would not, in and of itself, suspend the effectiveness of the decision. In addition, the Articles of Incorporation of the Association provide that the Secretary of the Interior may revise electric prices, but the Secretary of the Interior has never requested revision of the District's electric prices.

On December 7, 1998, the Board approved management's proposal to implement a 5.4% overall price decrease and to unbundle retail electric prices in preparation for competition in electric generation service. The price decrease and unbundled prices were implemented December 31, 1998, resulting in prices for bundled services that were a full 10% lower than those in effect on January 1, 1991. In addition, on April 10, 2000, the Board approved a management proposal that further unbundled the District's prices, realigned prices with costs, gave choice of electric service provider to all customers not under contract and offered an additional overall 1% price decrease. The new price plans were implemented May 15, 2000, and all customers were given choice of electric service provider effective June 1, 2000.

The District is a summer-peaking utility and for many years has made an effort to balance the summer-winter load relationships through seasonal differentials in price. In addition, the District prices on a time-of-day basis for large commercial and industrial customers, and for certain residential and small commercial customers.

The District's prices for electric service are competitive with those of other major electric utilities in the Southwest. The 5.4% price decrease implemented at the end of 1998 and the additional 1% price decrease implemented in May 2000, make the District's prices competitive with other utilities in the region as well as with new entrants to the Arizona market place. Despite opening 20% of the District's service area to competition in 1998 and opening 100% in 2000, only three customers chose to receive their generation supply from an alternative supplier. These three customers have since returned to the District for bundled service, including the supply of generation. Nevertheless, the District expects competition from electric service providers outside of and within the Southwest to intensify.

The following table provides a comparison of monthly electric bills, before competition resulting from the deregulation of the electric utility industry, based upon typical monthly usage levels for each of the major customer classifications of the District with similar customer classifications for other major electric utilities in the Southwest.

TABLE 9
Comparison of Monthly Electric Bills ⁽¹⁾

| <u>Utility</u> | <u>Residential</u> | | <u>General Service</u> | | <u>Industrial</u> | |
|--|--------------------|---------------|------------------------|---------------|-------------------|---------------|
| | <u>Summer</u> | <u>Winter</u> | <u>Summer</u> | <u>Winter</u> | <u>Summer</u> | <u>Winter</u> |
| District | \$144.69 | \$51.91 | \$708.96 | \$271.37 | \$217,560.56 | \$160,554.84 |
| APS | 163.68 | 71.55 | 884.20 | 431.15 | 209,004.48 | 209,004.48 |
| Los Angeles Department of Water & Power | 176.68 | 83.30 | 980.59 | 485.40 | 308,866.84 | 301,446.84 |
| San Diego Gas & Electric* | 215.73 | 66.51 | 1,060.13 | 316.33 | 446,766.16 | 121,410.65 |
| Southern California Edison | 228.77 | 97.06 | 1,147.08 | 487.44 | 409,494.64 | 256,006.43 |
| Tucson Electric Power | 161.08 | 68.79 | 964.01 | 500.60 | 260,963.43 | 251,436.89 |

(1) Based on prices in effect September 1, 2000, including fuel clause adjustments.

* San Diego energy charges included in the above calculations are based on average weekly California Power Exchange prices. Winter weekly prices are not available. Data used for winter bills are based on average monthly winter California Power Exchange energy prices.

PART 3. #4

CUSTOMERS, SALES, REVENUES AND EXPENSES

Classification of Customers

The District has a diversified customer base. No one customer represents more than 2.7% of operating revenues. The classifications of the District's electric customers are shown in Table 10.

| TABLE 10 | | | | | |
|--|--|------------------------------|-------------|----------------------------------|-------------|
| 2000 Customer Accounts, Sales, and Revenues | | | | | |
| ----- Fiscal Year Ended April 30, 2000 ----- | | | | | |
| | Customer Accounts At April 30, 2000 | Total Sales (GWh) | % | Sales Revenue (\$000) | % |
| Residential | 659,324 | 9,105 | 27.8 | \$687,537 | 39.1 |
| Commercial and Small Industrial..... | 57,116 | 7,703 | 23.5 | 485,930 | 27.7 |
| Large Industrial..... | 21 | 1,948 | 5.9 | 83,776 | 4.8 |
| Mines | 22 | 1,576 | 4.8 | 60,013 | 3.4 |
| Pumps..... | 316 | 40 | 0.1 | 2,930 | 0.2 |
| Street Lights | 7,893 | 156 | 0.5 | 15,705 | 0.9 |
| Municipal | 1,660 | 398 | 1.2 | 23,108 | 1.3 |
| Affiliated Retail..... | 654 | 4,294 | 13.1 | 155,907 | 8.9 |
| Interdepartmental | <u>1</u> | <u>149</u> | <u>0.5</u> | <u>8,655</u> | <u>0.5</u> |
| Subtotal..... | 727,007 | 25,369 | 77.3 | \$1,523,561 | 86.7 |
| Electric Utilities | <u>63</u> | <u>7,432</u> | <u>22.7</u> | <u>232,787</u> | <u>13.3</u> |
| Total..... | 727,070 | 32,801 | 100.0 | \$1,756,348 | 100.0 |

As has been historically the case, the residential group of customers accounted for the largest energy consumption and provided the largest source of revenue. With 659,324 customers in this group at April 30, 2000, this category serves as a solid base, bringing in nearly half of total electric revenues. The District forecasts an increase of over 20,000 residential customers each year over the period from 2001 through 2006 as discussed herein.

The second largest retail customer classification is the commercial and small industrial category; these customers numbered 57,116 at April 30, 2000 compared to 54,724 twelve months earlier. The commercial and small industrial group represents a highly diverse customer base, which includes businesses such as newspapers, dentists, cosmetics, fast food, repair shops, schools, apartments, and grocery stores.

The mines category consists of a group of copper mines located in Pinal and Gila Counties. These customers consist of a few companies operating at several delivery points, and account for 3.4 percent of revenues. No one mining company represents more than 2.4 percent of the District's revenues.

In 1995, the District implemented a Full Service Electric Requirements Rider ("FESR") for its large industrial and mine customers. The FESR provides a 3% discount for customers who signed an agreement to buy all energy requirements from the District for a period of five or six years. Substantially all of the District's largest customers signed FESR agreements. In connection with the April 2000 price decrease adopted by the Board, these customers were given the option to extend their agreements to December 31, 2001, and most of them extended.

The remaining customer categories span a wide range of customers and industries, which include manufacturers, government contractors, gas and chemical producers, agricultural interests, and municipalities. Historical operating statistics of the District are shown in Table 11.

TABLE 11
Historical Operating Statistics

| | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| SERVICE: | | | | | |
| Total Customers at year-end | 625,005 | 648,756 | 671,096 | 701,196 | 727,070 |
| Total Sales (million kWh) | 21,837 | 25,072 | 26,202 | 31,615 | 32,801 |
| Average Revenue per kWh (cents) | \$6.09 | \$5.70 | \$5.76 | \$5.31 | \$5.35 |
| District Only: (excludes sales for Resale and affiliated retail) | | | | | |
| Sales (millions kWh) | 17,633 | 18,822 | 19,786 | 19,944 | 21,075 |
| Increase in Sales (%) | 5.0 | 6.7 | 5.1 | 0.8 | 5.7 |
| TOTAL OPERATING REVENUES: | | | | | |
| (000's omitted) ⁽¹⁾ | <u>\$1,347,496</u> | <u>\$1,449,328</u> | <u>\$1,529,285</u> | <u>\$1,704,604</u> | <u>\$1,790,415</u> |
| OPERATING EXPENSES | | | | | |
| (000's omitted): | | | | | |
| Power Operations ⁽²⁾ | \$ 506,169 | \$ 631,050 | \$ 630,970 | \$ 761,936 | \$ 847,621 |
| Operating and Maintenance ⁽³⁾ | 162,707 | 205,244 | 178,126 | 222,925 | 195,800 |
| Sales and Payroll Taxes | 11,183 | 13,129 | 17,729 | 17,878 | 21,115 |
| Ad Valorem Taxes ⁽⁴⁾ | <u>2,748</u> | <u>3,419</u> | <u>2,882</u> | <u>2,885</u> | <u>4,959</u> |
| Total Operating Expenses | <u>\$ 682,807</u> | <u>\$ 852,842</u> | <u>\$ 829,707</u> | <u>\$1,005,624</u> | <u>\$1,069,495</u> |
| NET OPERATING REVENUES | <u>\$ 664,689</u> | <u>\$ 596,486</u> | <u>\$ 699,578</u> | <u>\$698,980</u> | <u>\$720,920</u> |
| VOLUNTARY CONTRIBUTIONS IN LIEU OF | | | | | |
| TAXES (000's omitted):⁽⁵⁾ | | | | | |
| Expensed | \$ 88,031 | \$ 69,939 | \$ 71,357 | \$ 69,890 | \$ 64,849 |
| Capitalized | <u>2,823</u> | <u>(64)</u> | <u>1,325</u> | <u>901</u> | <u>33</u> |
| Total ⁽⁶⁾ | <u>\$ 90,854</u> | <u>\$ 69,875</u> | <u>\$ 72,682</u> | <u>\$ 70,791</u> | <u>\$64,882</u> |
| OTHER STATISTICS: | | | | | |
| Annual Peak (MW): | | | | | |
| System Requirements | 4,070 | 4,246 | 4,244 | 4,666 | 4,657 |
| Total Peak Load ⁽⁷⁾ | 4,891 | 5,427 | 5,086 | 5,534 | 5,725 |
| System Load Factor (%) ⁽⁸⁾ | 52.0 | 52.3 | 54.4 | 50.2 | 53.6 |
| Residential Statistics: | | | | | |
| Fiscal Year End Residential Customers | 567,310 | 589,031 | 609,401 | 635,652 | 659,324 |
| Annual Sales (million kWh) | 7,305 | 8,047 | 8,559 | 8,574 | 9,105 |
| Average Annual Usage (kWh) | 13,146 | 13,940 | 14,323 | 13,840 | 14,071 |
| Average Sales Price per kWh (cents) | 8.37 | 8.05 | 7.91 | 7.85 | 7.55 |

⁽¹⁾ Includes inter-company sales and other electric revenue.

⁽²⁾ Excludes charges for water for power, depreciation on generation and railroad facilities, ad valorem taxes and voluntary contributions in lieu of taxes on railroad facilities.

⁽³⁾ Excludes depreciation on transmission, distribution and general plant.

⁽⁴⁾ Applies to out-of-state properties owned by the District.

⁽⁵⁾ See "Customers, Sales, Revenues and Expense--Voluntary Contributions in Lieu of Taxes."

⁽⁶⁾ Voluntary contributions are accrued on a calendar year basis. The decrease in fiscal year 1997 was due to a decrease in statutory rates.

⁽⁷⁾ Includes sales for resale, remote losses and interruptible load transactions.

⁽⁸⁾ System load factor is the ratio of system energy requirements in kWh to the product of the system requirements times the number of hours in a year. These percentages reflect in major part the wide differential between the extreme summer cooling season and the moderate winter heating season.

Part 3 #5

Contractual Obligations Relating to Bonds of Other Political Subdivisions

Among the District's purchased power resources are two long-term "take or pay" contracts that the District has entered into with WAPA, USBR and the Central Arizona Water Conservation District ("CAWCD"). The contracts are for the purchase of a total of 350 MW of peaking power. The District is obligated under these two power sales contracts to pay each month for its allocated capacity at the capacity charge of \$6 per kilowatt per month (\$25.2 million annually) until September 30, 2011. The power sales contracts provide that the obligation of the District is absolute and unconditional and constitutes a general obligation of the District and not a special charge, lien, or pledge of the revenues of the Electric System. CAWCD's rights to receive payments from the District under these power sales contracts have been assigned to secure the payment of debt service on certain contract revenue bonds issued by CAWCD in the outstanding aggregate principal amount of \$208 million as of August 2000.

The District, USBR, CAWCD, and WAPA have entered into a third agreement which, including the 350 MW from the two power sales contracts, gives the District use of a total of 744 MW of capacity at NGS, Hoover Power Plant, and New Waddell Dam through September 30, 2011. In return the District serves CAWCD's pumping requirements for the Central Arizona Project and pays additional charges of \$21.75 million annually to CAWCD, plus energy charges and other payments required under the power sales contracts cited above. The District has long-term contracts with the Arizona Electric Power Cooperative and Tucson Electric Power Company. Each contract provides for the District to purchase 100 MW of firm power through fiscal year 2011.

No Default

The District is not in default in the payment of the principal of or interest on any of the power sales contracts cited above.

Part 3 #6

FINANCIAL FACTORS OF THE DISTRICT

Short-Term Promissory Notes and Credit Agreement Borrowings

The Board has authorized the issuance of up to \$525,000,000 in short-term promissory notes (the "Promissory Notes"). The Promissory Notes are sold in the tax-exempt commercial paper market. The Promissory Notes mature no more than 270 days from the date of issuance. The Promissory Notes are issued in minimum denominations of \$100,000, in bearer or registered form without coupons, and bear interest from their date at an annual interest rate not to exceed 15%, unless a higher rate is approved by an authorized officer of the District upon recommendation of the appropriate commercial paper dealer, after certification by such dealer that a substantial likelihood exists that such Promissory Notes could not be marketed at 15% per annum in light of then existing market conditions.

The District has two revolving credit agreements ("Agreements") which may be used to support the Promissory Notes, subject, however, to various conditions precedent to advances under the

Agreements, which conditions include, but are not limited to, compliance by the District with the covenants set forth in the respective Agreements. The indebtedness of the District evidenced by the Promissory Notes or borrowings under the Agreements are unsecured obligations of the District payable from the general funds of the District lawfully available therefor, subject in all respects to the prior lien of U.S. Government Loans, if any, revenue bonds and other indebtedness of the District secured by revenues or assets of the District. No specific revenues or assets of the District are pledged to the payment of the Promissory Notes or borrowings under the Agreements, and the Promissory Notes and such borrowings are not payable from taxes. Outstanding Promissory Notes and borrowings under the Agreements are accounted for by the District as long-term debt. At April 30, 2000 the District had no outstanding borrowings under the Agreements or prior credit agreements and had \$525,000,000 of the Promissory Notes outstanding. Proceeds from the sale of the Promissory Notes were used for construction expenditures and the purchase of nuclear fuel. The District's Board has limited the total amount of indebtedness which may be outstanding at one time under the Agreements, or any agreement in substitution or replacement therefor, and in the tax-exempt commercial paper market to an aggregate of \$525,000,000. However, the District has the right to issue commercial paper in excess of \$525,000,000 if it obtains an additional liquidity/credit facility equal to such additional commercial paper.

Minibonds

In 1979, the District instituted a program to sell Revenue Bonds in Arizona in smaller than \$5,000 denominations (the "Minibonds"). The Minibonds are on a parity with the other Revenue Bonds of the District. In December 1997, the District called for redemption all its Minibonds that were callable. As of April 30, 2000, the District had \$81.2 million Minibonds outstanding.

The District terminated, on October 1, 1999, the revolving credit agreement with Union Bank of Switzerland, which provided support for the District's Minibond Program. The District has a revolving credit agreement with M&I Thunderbird Bank that can be used to support the Minibond program. Under the terms of the agreement, which expires on January 30, 2001, the District may borrow up to \$25,000,000.

No Default

The District is not in default in the payment of the principal of or interest on any of its bonds, notes, or other debt obligations.

Part 3 #7

The District has no outstanding loans from the United States Government.

Part 3 #8

See attached 1999-2000 Annual Report for the District's discussions of operations.

Part 3 #9

Reserve Funds

The District is required by the Resolution to maintain the Debt Reserve Account at the Debt Reserve Requirement. In the past, the District, though not required to do so, has followed the

practice of increasing the Debt Reserve Requirement at the time of the issuance of additional Revenue Bonds to equal approximately one half the average annual debt service on all outstanding Revenue Bonds. At April 30, 2000, the balance in the Debt Reserve Account was \$80,269,000.

Coverage

For the twelve months ended April 30, 2000, Revenues Available for Debt Service were \$749,790,000. The maximum annual debt service requirements for the outstanding Revenue Bonds amount to \$249,360,484 and would be covered 3.01 times.

Outstanding Long-Term Indebtedness

Outstanding long-term indebtedness at April 30, 2000 consisted of Revenue Bonds and commercial paper, as shown in Table 15. In all years to date, Revenues Available for Debt Service have been more than sufficient to meet all debt service requirements.

| TABLE 15 Outstanding Long-Term Indebtedness (As of April 30, 2000) | | | |
|---|-----------------|--|--|
| | <u>Coupon %</u> | <u>Amount Outstanding (\$Millions)</u> | <u>Future Calendar Year Maturities</u> |
| Total Electric System Revenue Bonds | | | |
| Outstanding | 4.25% - 7.0% | \$2,787 | 2001-2031 |
| Unamortized Bond Discount | | (73) | |
| Total Net Electric System Revenue Bonds Outstanding | | 2,714 | |
| Commercial Paper (Classified as Long-Term) | | 525 | |
| Total Net Long-Term Indebtedness | 3.5% - 4.2% | \$3,239 | |

TABLE 16
Total Debt Service Requirements
As of April 30, 2000

| Year Ending April 30 | Total Debt Service Requirements Revenue Bonds (\$) |
|---------------------------------|---|
| 2001..... | 220,407,873 |
| 2002..... | 223,535,067 |
| 2003..... | 236,885,127 |
| 2004..... | 240,477,490 |
| 2005..... | 241,971,640 |
| 2006..... | 227,970,860 |
| 2007..... | 228,097,811 |
| 2008..... | 249,360,484 |
| 2009..... | 248,597,038 |
| 2010..... | 225,426,496 |
| 2011..... | 220,925,122 |
| 2012..... | 214,019,260 |
| 2013..... | 191,906,742 |
| 2014..... | 186,673,675 |
| 2015..... | 192,249,996 |
| 2016..... | 172,959,871 |
| 2017..... | 154,599,775 |
| 2018..... | 160,424,855 |
| 2019..... | 156,291,604 |
| 2020..... | 112,664,721 |
| 2021..... | 94,139,813 |
| 2022..... | 97,380,254 |
| 2023..... | 104,883,863 |
| 2024..... | 64,680,396 |
| 2025..... | 62,915,513 |
| 2026..... | 60,057,396 |
| 2027..... | 62,847,042 |
| 2028..... | 63,774,383 |
| 2029..... | 45,450,267 |
| 2030..... | 9,281,433 |
| 2031..... | 4,851,267 |

The following table shows the actual application of revenues and coverage of debt service requirements for fiscal years 1997, 1998, 1999 and 2000 and projections for fiscal years 2001 and 2002. The projections reflect a price decrease effective May 15, 2000, and are consistent with the District's financial plan. The projected operating statistics are based on certain assumptions that may not occur. Failure to realize such assumptions may adversely affect such projections.

TABLE 17
Application of Revenues and
Pro Forma Coverage of Debt Service Requirement
(\$000's)

.....Fiscal Year Ended April 30.....

| Projected | Actual | | | | | |
|---|---------------------------|---------------------------|-------------|-------------|-------------|-------------|
| | 1997 | 1998 ⁽¹⁾ | 1999 | 2000 | 2001 | 2002 |
| Electric Revenues ⁽¹⁾ | \$1,449,328 | \$1,529,285 | \$1,704,604 | \$1,790,415 | \$1,841,097 | \$1,883,610 |
| Operating Expenses ^{(2) (3)} | 852,842 | 829,707 | 1,005,624 | 1,069,495 | 1,096,197 | 1,121,642 |
| Revenues from Operations | 596,486 | 699,578 | 698,980 | 720,920 | 744,900 | 761,968 |
| Interest and Other Income (Net) | 30,177 | 19,716 | 29,381 | 28,870 | 32,055 | 9,351 |
| Revenues Available for Debt Service | 626,663 | 719,294 | 728,361 | 749,790 | 776,955 | 771,319 |
| Debt Service Requirements | | | | | | |
| Revenue Bonds | 255,851 | 237,910 | 227,309 | 223,501 | 220,905 | 205,163 |
| Total Debt Service | 255,851 | 237,910 | 227,309 | 223,501 | 220,905 | 205,163 |
| Coverage of Total Debt Service by Revenues Available for Debt Service | 2.45 | 3.02 | 3.20 | 3.35 | 3.52 | 3.76 |
| Balance after Debt Service | 370,812 | 481,384 | 501,052 | 526,289 | 556,050 | 566,156 |
| Plus: Interest on Construction Fund | 129 | 64 | 4 | 0 | 0 | 0 |
| Less: Contribution in Lieu of Taxes | 69,939 | 71,357 | 69,890 | 63,271 | 58,935 | 69,687 |
| Less: Contributions to Water Operations | 38,584 | 36,216 | 42,987 | 40,924 | 38,766 | 36,389 |
| Less: Falling Water Charges | 4,098 | 4,412 | 4,122 | 5,361 | 6,209 | 7,212 |
| Less: PPC | 1,289 | 0 | 0 | 0 | 0 | 0 |
| Balance Available for Corporate Purposes | \$ 257,031 ⁽⁴⁾ | \$ 369,463 ⁽⁴⁾ | \$ 384,057 | \$ 416,733 | \$ 452,140 | \$ 452,868 |
| Potential Early Debt Redemptions | 0 | 0 | 0 | 0 | 59,830 | 468,975 |
| Adjusted Balance Available for Corporate Purposes | \$ 257,031 | \$ 369,463 | \$ 384,057 | \$ 416,733 | \$ 392,310 | \$ (16,107) |

⁽¹⁾ Includes inter-company sales.

⁽²⁾ Includes ad valorem taxes applicable to out-of-state properties owned by the District and payroll taxes. Excludes depreciation, voluntary contributions in lieu of taxes and inter-company charge for water for power..

⁽³⁾ Operating expenses include costs on an accrual basis for post-retirement medical benefits and demand charges related to the contract for Navajo Surplus.

⁽⁴⁾ May be reconciled with combined net revenues (shown on page A3) as follows:

| | |
|---|----------------|
| BALANCE AVAILABLE FOR CORPORATE PURPOSES..... | \$ 416,733,000 |
| Bond principal repayment..... | 72,508,000 |
| Capitalized Interest | 5,656,000 |
| Amortization of regulatory assets | (32,670,000) |
| Depreciation and amortization | (335,300,000) |
| Fuel related depreciation (reflected in fuel costs)..... | (2,065,000) |
| Amortization of bond accretion..... | (733,000) |
| Amortization of bond discount, issuance, and refinancing expenses | (5,449,000) |
| Extraordinary loss..... | 0 |
| COMBINED NET REVENUES..... | \$ 118,680,000 |

In June 1999, the Navajo Nation filed a lawsuit in the United States District Court in Washington D.C., naming Peabody Coal Company, SCE, the District and other defendants, for allegedly causing the United States to breach its fiduciary duty to the Navajo Nation and violating federal racketeering statutes. The lawsuit arises out of the renegotiations in 1987 of coal royalty and lease agreements to mine coal for the Navajo and Mohave Generating Stations. The suit alleges \$600 million in damages and seeks treble damages along with punitive damages of not less than \$1 billion. The District denies all charges and will vigorously defend itself. On February 29, 2000, the Hopi Tribe filed a motion to intervene in the suit, but the court has not yet ruled on the motion. Because this litigation is in preliminary stages, the District is unable to assess the extent of its potential liability, if any, or the potential impact of the lawsuit to the District's financial position or results of operations.

EXHIBIT L



CERTIFICATE

I, TERRILL A. LONON, the duly appointed, qualified, and acting Corporate Secretary of the Salt River Project Agricultural Improvement and Power District ("SRP"), a special district under Title 48 of the Arizona Revised Statutes, DO HEREBY CERTIFY that attached hereto is a true and correct copy of a resolution entitled: **"RESOLUTION AUTHORIZING THE ISSUANCE OF \$726,380,000 SALT RIVER PROJECT ELECTRIC SYSTEM REFUNDING REVENUE BONDS, 1993 SERIES C OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, CONSISTING OF \$652,980,000 FIXED RATE BONDS, \$36,700,000 SHORT TERM ADJUSTABLE RATE SECURITIES (STARS), AND \$36,700,000 SHORT TERM RATE INVERSE PAYMENT EXEMPT SECURITIES (STRIPES), AND PROVIDING FOR THE FORM, DETAILS AND TERMS THEREOF,"** as adopted by a majority of the SRP Board of Directors at a meeting held on October 14, 1993, at which a quorum was present and voted, and that no change, revision, amendment, or addendum has been made subsequent thereto.

IN WITNESS WHEREOF, I have set my hand and seal of the Salt River Project Agricultural Improvement and Power District, this 22nd day of February, 2001.

A handwritten signature in cursive script that reads "Terrill A. Lonon". The signature is written in dark ink and is positioned above the printed name and title.

Terrill A. Lonon
Corporate Secretary



RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF \$726,380,000
SALT RIVER PROJECT ELECTRIC SYSTEM REFUNDING REVENUE BONDS,
1993 SERIES C OF THE SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT, CONSISTING OF \$652,980,000
FIXED RATE BONDS, \$36,700,000 SHORT TERM ADJUSTABLE RATE
SECURITIES (STARS) AND \$36,700,000 SHORT TERM RATE INVERSE
PAYMENT EXEMPT SECURITIES (STRIPES), AND PROVIDING FOR THE
FORM, DETAILS AND TERMS THEREOF.

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RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF \$726,380,000 SALT RIVER PROJECT ELECTRIC SYSTEM REFUNDING REVENUE BONDS, 1993 SERIES C OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, CONSISTING OF \$652,980,000 FIXED RATE BONDS, \$36,700,000 SHORT TERM ADJUSTABLE RATE SECURITIES (STARS) AND \$36,700,000 SHORT TERM RATE INVERSE PAYMENT EXEMPT SECURITIES (STRIPES), AND PROVIDING FOR THE FORM, DETAILS AND TERMS THEREOF.

WHEREAS, the Members of the Board of Directors of the Salt River Project Agricultural Improvement and Power District (the "Board of Directors"), by resolution entitled "Resolution Concerning Revenue Bonds", dated as of November 1, 1972, as amended (the "Resolution"), have created and established an issue of Salt River Project Electric System Revenue Bonds (the "Bonds"), which may be authorized from time to time pursuant to Series Resolutions; and

WHEREAS, the District's Financial Advisor, Lazard Freres & Co. (hereinafter referred to as the "Financial Advisor"), has advised the District that substantial financial benefits will accrue to the District upon the refunding of the Bonds To Be Refunded (as defined in Section 2 hereof); and

WHEREAS, the Board of Directors hereby finds and determines that (i) it is desirable and beneficial to the District to issue and deliver the STARS and the STRIPES and (ii) the primary purpose of the issuance and delivery of such STARS and STRIPES is the prudent management of the District's debt and the maximization of debt service savings; and

WHEREAS, the District upon the refunding of the Bonds To Be Refunded will realize gross debt service savings of approximately \$243,327,429.00, which gross savings have a present value of approximately \$72,839,693.86 using a discount rate equal to the reoffering yield of the 1993 Series C Bonds (as defined in Section 2 hereof) and adjusted for the present value of certain sources (including general fund moneys) and uses of funds; and

WHEREAS, the Board of Directors has authorized by resolutions and the Arizona Corporation Commission (the "Commission") has approved by its Opinion and Order No. 49519 the issuance of up to \$115,000,000 Bonds to refund Bonds designated in said Opinion and Order and the District has heretofore issued \$92,276,951 of Bonds pursuant to said Opinion and Order; and

WHEREAS, the Board of Directors has determined to use \$1,776,000 of the remaining refunding authorization applicable to Opinion and Order No. 49519 to refund \$1,700,000 of Refunded 1976 A Bonds (as defined in Section 2 hereof); and

WHEREAS, the Board of Directors has authorized by resolutions and the Commission has approved by its Opinion and Order No. 53806 the issuance of up to \$445,000,000 Bonds to refund Bonds designated in said Opinion and Order and the District has heretofore issued \$362,726,208 of Bonds pursuant to said Opinion and Order; and

WHEREAS, the Board of Directors has determined to use \$31,347,722 of the remaining refunding authorization applicable to Opinion and Order No. 53806 to refund \$30,000,000 of Refunded 1986 C Bonds (as defined in Section 2 hereof); and

WHEREAS, the Board of Directors has authorized by resolutions and the Commission has approved by its Opinion and Order No. 55014 the issuance of up to \$230,000,000 Bonds to refund Bonds designated in said Opinion and Order and the District has heretofore issued \$202,200,953 of Bonds pursuant to said Opinion and Order; and

WHEREAS, the Board of Directors has determined to use \$2,142,000 of the remaining refunding authorization applicable to Opinion and Order No. 55014 to refund \$2,050,000 of Refunded 1986 D Bonds (as defined in Section 2 hereof); and

WHEREAS, the Board of Directors has authorized by resolutions and the Commission has approved by its Opinion and Order No. 56381 the issuance of up to \$680,000,000 Bonds to refund Bonds designated in said Opinion and Order and the District has heretofore issued \$240,358,293 of Bonds pursuant to said Opinion and Order; and

WHEREAS, the Board of Directors has determined to use \$1,229,000 of the remaining refunding authorization applicable to Opinion and Order No. 56381 to refund \$1,176,000 of Refunded 1989 A Bonds (as defined in Section 2 hereof); and

WHEREAS, the Board of Directors has authorized by resolutions and the Commission has approved by its Opinion and Order No. 58043 the issuance of up to \$800,000,000 Bonds to refund Bonds designated in said Opinion and Order and the District has heretofore issued \$785,035,148 of Bonds pursuant to said Opinion and Order; and

WHEREAS, the Board of Directors has determined to use \$14,964,852 of the remaining refunding authorization applicable to Opinion and Order No. 58043 to refund \$14,321,473 of Refunded 1986 C Bonds (as defined in Section 2 hereof); and

WHEREAS, the Board of Directors has authorized by resolutions and the Commission has approved by its Opinion and Order No. 58386 the issuance of up to \$990,000,000 Bonds to refund Bonds designated in said Opinion and Order and the District has

heretofore issued \$0 of Bonds pursuant to said Opinion and Order; and

WHEREAS, the Board of Directors has determined to use \$674,920,426 of the remaining refunding authorization applicable to Opinion and Order No. 58386 to refund \$70,475,000 of Refunded 1974 A Bonds; \$5,800,000 of Refunded 1976 B Bonds; \$940,000 of Refunded 1976 C Bonds; \$5,600,000 of Refunded 1976 D Bonds; \$94,900,000 of Refunded 1977 A Bonds; \$110,300,000 of Refunded 1977 B Bonds; \$78,300,000 of Refunded 1977 C Bonds; \$6,605,000 of Refunded 1978 A Bonds; and \$1,650,000 of Refunded 1979 A Bonds; \$271,333,527 of Refunded 1986 C Bonds (as defined in Section 2 hereof)

WHEREAS, the Board of Directors has determined to use general fund moneys to defease (i) \$52,180,000 of the Refunded 1986 C Bonds not being refunded by Commission Opinion and Order No. 53806, Commission Opinion and Order No. 58043 and Commission Opinion and Order No. 58386; and (ii) \$3,500,000 of Refunded 1988 B Bonds, all as set forth in Section 11(e) hereof;

WHEREAS, the Board of Directors has determined that it is necessary and required that the District fix the form, terms and details and authorize the issuance and sale of \$726,380,000 principal amount of Bonds (the "1993 Series C Bonds") of which (i) \$1,776,000 1993 Series C Bonds shall be issued pursuant to Commission Opinion and Order No. 49519 (refunding), (ii) \$31,347,722 1993 Series C Bonds shall be issued pursuant to Commission Opinion and Order No. 53806 (refunding), (iii) \$2,142,000 1993 Series C Bonds shall be issued pursuant to Commission Opinion and Order No. 55014 (refunding); (iv) \$1,229,000 1993 Series C Bonds shall be issued pursuant to Commission Opinion and Order No. 56381 (refunding); (v) \$14,964,852 1993 Series C Bonds shall be issued pursuant to Commission Opinion and Order No. 58043 (refunding); and (vi) \$674,920,426 1993 Series C Bonds shall be issued pursuant to Commission Opinion and Order No. 58386 (refunding); and

WHEREAS, the Board of Directors has determined to use certain general fund moneys, together with a portion of the proceeds of the 1993 Series C Bonds and other available moneys, to defease the Bonds To Be Refunded, as provided in Section 11 hereof; and

WHEREAS, the Bonds To Be Refunded will not be considered Outstanding as that term is defined in the Resolution; and

WHEREAS, the Board of Directors has been presented with a Purchase Contract, dated October 14, 1993 (the "Purchase Contract"), by and among the District and a group of purchasers represented by and including Bear, Stearns & Co. Inc., Goldman, Sachs & Co., CS First Boston Corporation, Merrill Lynch & Co. and Morgan Stanley & Co. Incorporated (hereinafter collectively

referred to as the "Purchasers"), providing for the purchase of \$726,380,000 1993 Series C Bonds; and

WHEREAS, the Board of Directors desires to sell \$726,380,000 1993 Series C Bonds to the Purchasers pursuant to the terms and conditions of said Purchase Contract to provide moneys to carry out the aforesaid purposes of the District; and

WHEREAS, Title 48, Chapter 17, Article 7, of the Arizona Revised Statutes requires that the private sale of Bonds be subject to prior approval by a majority of the members of the Council of the District; and

WHEREAS, the private sale of \$726,380,000 1993 Series C Bonds has been duly approved by resolution of the Council of the District adopted prior hereto; and

WHEREAS, the Board of Directors desires to approve the preparation, distribution and the execution of an Official Statement for the 1993 Series C Bonds; and

WHEREAS, the Board of Directors desires to authorize the proper officers of the District to take all necessary steps to complete the issuance, sale and delivery as aforesaid of the \$726,380,000 1993 Series C Bonds; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AS FOLLOWS:

SECTION 1. Series Resolution. This series resolution (hereinafter referred to as "Resolution Authorizing The Issuance And Sale Of \$726,380,000 1993 Series C Bonds" or as "1993 Series C Resolution") is adopted in accordance with the provisions of the Resolution and pursuant to the authority contained in Chapter 17, Title 48, Arizona Revised Statutes, as amended.

SECTION 2. Definitions. This Resolution Authorizing the Issuance And Sale Of \$726,380,000 1993 Series C Bonds and the Resolution are herein collectively referred to as the "Resolutions". All terms which are defined in the Resolution shall have the same meanings, respectively, in this Resolution Authorizing The Issuance And Sale Of \$726,380,000 1993 Series C Bonds as such terms are given in the Resolution. In this Resolution Authorizing The Issuance And Sale Of \$726,380,000 1993 Series C Bonds:

"Bonds To Be Refunded" shall mean the Refunded 1974 A Bonds, the Refunded 1976 A Bonds, the Refunded 1976 B Bonds, the Refunded 1976 C Bonds, the Refunded 1976 D Bonds, the Refunded 1977 A Bonds, the Refunded 1977 B Bonds, the Refunded 1977 C Bonds, the Refunded 1978 A Bonds, the Refunded 1979 A Bonds, the Refunded 1986

C Bonds, the Refunded 1986 D Bonds, the Refunded 1988 B Bonds and the Refunded 1989 A Bonds.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"DTC" shall mean The Depository Trust Company or any successor thereto.

"Escrow Deposit Agreement" shall mean the Letter of Instructions and Escrow Deposit Agreement As To Payment Of Refunded Bonds, attached as Exhibit B hereto and authorized by Section 29 hereof, relating to the Bonds To Be Refunded.

"Fixed Rate Bonds" shall mean the 1993 Series C Bonds which bear interest at a fixed rate of interest and mature on January 1, 1995 through January 1, 2010, inclusive, January 1, 2013, January 1, 2016 and January 1, 2017.

"Information Services" shall mean Financial Information, Inc.'s Daily Called Bond Service, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302; Kenny Information Service's Called Bond Service, 65 Broadway, 16th Floor, New York, New York 10006; Moody's Municipal and Government, 99 Church Street, 8th Floor, New York, New York 10007, attention: Municipal News Report; and Standard & Poor's Called Bond Record, 25 Broadway, New York, New York 10004; or to such other addresses and/or such other national information services providing information or disseminating notices of redemption of obligations similar to the 1993 Series C Bonds.

"Interest Payment Date" shall mean each January 1 and July 1 of each year so long as 1993 Series C Bonds are Outstanding, commencing January 1, 1994.

"1993 Series C Bonds" shall mean the Bonds authorized by Section 3 hereof.

"Refunded 1974 A Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1974 Series A of the District maturing in the year 2012.

"Refunded 1976 A Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1976 Series A of the District maturing in the year 1997.

"Refunded 1976 B Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1976 Series B of the District maturing in the years 1998 and 1999.

"Refunded 1976 C Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1976 Series C of the District maturing in the year 1998.

"Refunded 1976 D Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1976 Series D of the District maturing in the years 1998 and 1999.

"Refunded 1977 A Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1977 Series A of the District maturing in the years 1999, 2000, 2001, 2007 and 2017.

"Refunded 1977 B Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1977 Series B of the District maturing in the years 2000, 2001, 2002, 2003 and 2015.

"Refunded 1977 C Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1977 Series C of the District maturing in the years 2002, 2003 and 2017.

"Refunded 1978 A Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1978 Series A of the District maturing in the years 1999 and 2000.

"Refunded 1979 A Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1979 Series A of the District maturing in the year 1997.

"Refunded 1986 C Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1986 Series C of the District maturing in the years 2007, 2008, 2010 and 2017.

"Refunded 1986 D Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1986 Series D of the District maturing in the years 1998 and 1999.

"Refunded 1988 B Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1988 Series B of the District maturing in the years 2004 and 2009.

"Refunded 1989 A Bonds" shall mean the Outstanding Electric System Revenue Bonds, 1989 Series A of the District maturing in the year 2005.

"Representation Letters" shall mean (i) the Representation Letter, dated the date of initial issuance and delivery of the 1993 Series C Bonds, with respect to the Fixed Rate Bonds, among the District, the Trustee and DTC, and (ii) the Representation Letter, dated the date of initial issuance and delivery of the 1993 Series C Bonds, with respect to the STARS and the STRIPES, among the District, the Trustee, the Auction Agent and DTC, each attached as Exhibit A hereto and each authorized by Section 7(d) hereof, relating to the 1993 Series C Bonds.

"Securities Depositories" shall mean The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516)

227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax-(215) 496-5058; or to such other addresses and/or such other registered securities depositories holding substantial amounts of obligations of types similar to the 1993 Series C Bonds.

"STARS" shall mean that portion of the 1993 Series C Bonds maturing on January 1, 2011 in the aggregate principal amount of \$26,700,000 and maturing on January 1, 2012 in the aggregate principal amount of \$10,000,000 that are designated the "1993 Series C Short Term Adjustable Rate Securities (STARS)" pursuant to Section 5(d) hereof.

"STRIPES" shall mean that portion of the 1993 Series C Bonds maturing on January 1, 2011 in the aggregate principal amount of \$26,700,000 and maturing on January 1, 2012 in the aggregate principal amount of \$10,000,000 that are designated the "1993 Series C Short Term Rate Inverse Payment Exempt Securities (STRIPES)" pursuant to Section 5(d) hereof.

In addition to the definitions set forth above, Appendix A hereto sets forth certain defined terms relating to the STARS and STRIPES.

SECTION 3. Principal Amount, Designation, Series and Allocations. Pursuant to the provisions of the Resolutions, the District is hereby authorized to issue and sell Bonds in the aggregate principal amount of \$726,380,000. Such Bonds shall be designated as "Salt River Project Electric System Refunding Revenue Bonds, 1993 Series C". The amount of 1993 Series C Bonds designated for refunding purposes is \$726,380,000, and are hereby designated "refunding bonds". In order to comply with the Opinions and Orders of the Commission, the District reserves the right, and shall, if necessary, change the allocations to such Opinions and Orders of the Bonds To Be Refunded, as set forth in the Whereas clauses hereof.

SECTION 4. Purpose. The purposes for which the 1993 Series C Bonds are issued are 1) to provide the moneys required for the payment of the principal of, Redemption Price of and the interest on the Bonds To Be Refunded as provided herein and to pay expenses incurred in connection therewith, for the purpose of realizing significant present value debt service savings, and 2) to pay financing costs. The balance, if any, of the proceeds remaining after providing for clause 1) and clause 2) purposes shall be deposited in the Construction Fund to reimburse the District for Costs of Construction as provided in Section 11.

SECTION 5. Dates, Maturities and Interest. (a) The Fixed Rate Bonds shall be dated, and shall bear interest from October 1, 1993. The STARS and the STRIPES shall each be dated the date of initial issuance and delivery thereof.

(b) The 1993 Series C Bonds shall bear interest at the following rates per annum and shall mature on January 1 in the following years in the following principal amounts:

| <u>Year of Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-----------------------------|-----------------------------|--------------------------|
| 1995 | 375,000 | 3.000% |
| 1996 | 2,590,000 | 3.400 |
| 1997 | 6,235,000 | 3.600 |
| 1998 | 9,815,000 | 3.800 |
| 1999 | 16,185,000 | 4.000 |
| 2000 | 12,375,000 | 4.100 |
| 2001 | 18,440,000 | 4.250 |
| 2002 | 22,495,000 | 4.300 |
| 2003 | 25,790,000 | 4.400 |
| 2004 | 31,295,000 | 4.500 |
| 2005 | 35,255,000 | 4.600 |
| 2006 | 35,215,000 | 4.700 |
| 2007 | 32,245,000 | 4.800 |
| 2008 | 36,765,000 | 4.900 |
| 2009 | 40,840,000 | 6.500 |
| 2010 | 43,045,000 | 5.500 |
| 2011 (STARS) | 26,700,000 | Variable |
| 2011 (STRIPES) | 26,700,000 | Variable |
| 2012 (STARS) | 10,000,000 | Variable |
| 2012 (STRIPES) | 10,000,000 | Variable |
| 2013 | 86,265,000 | 5.000 |
| 2016 | 150,485,000 | 5.000 |
| 2017 | 47,270,000 | 4.750 |

(c) Interest on the 1993 Series C Bonds shall be payable on January 1, 1994, and semiannually thereafter on January 1 and July 1 of each year to maturity or redemption, to the registered owner of the 1993 Series C Bonds as of the immediately preceding December 15 or June 15.

(d) The 1993 Series C Bonds maturing on January 1, 2011 and January 1, 2012 shall be split into two subseries. One such subseries shall be designated the "1993 Series C Short Term Adjustable Rate Securities (STARS)" (the "STARS") and the other such subseries shall be designated the "1993 Series C Short Term Rate Inverse Payment Exempt Securities (STRIPES)" (the "STRIPES"). The STARS and the STRIPES maturing on January 1, 2011 shall each be in the aggregate principal amount of \$26,700,000. The STARS and the STRIPES maturing on January 1, 2012 shall each be in the

aggregate principal amount of \$10,000,000. The STARS and the STRIPES shall be issued pursuant to the terms of the Resolutions and Appendix A attached hereto (which Appendix A shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein) and, to the extent of any conflict, the provisions of Appendix A shall control; provided however, notwithstanding anything to the contrary contained in Appendix A hereof, in no event shall the interest, including the applicable Service Charge, if any, exceed the rate that would produce a zero rate of interest on the STRIPES; and provided further, notwithstanding anything to the contrary contained in Appendix A hereof, in no event shall the interest paid by the District on the STARS and the STRIPES together exceed 5.05% per annum. Capitalized terms relating to the STARS or the STRIPES not otherwise defined in the Resolutions shall have the meanings set forth in Appendix A attached hereto.

(e) The STARS shall bear interest from their date of initial issuance and delivery to and including December 1, 1993, at a rate of 2.80% per annum (plus a Service Charge of 0.28% per annum) and thereafter the STARS shall bear interest at the STARS Rate determined on each Auction Date pursuant to the Auction Procedures set forth in Appendix A hereto. The STRIPES will bear interest at the STRIPES Rate. Interest on the STARS and the STRIPES shall be payable on each Interest Payment Date, and the Trustee is hereby directed to pay interest on the STARS and STRIPES during such period at the rate or rates as directed by the Auction Agent determined pursuant to such Auction Procedures. Interest payable on the STARS and the STRIPES as described above will be paid from the semi-annual payment by the District on a principal amount of Series 1993 C Bonds equal to the sum of the STARS and the STRIPES calculated at the Linked Rate on the basis of a year of 360 days consisting of twelve 30 day months.

(f) All percentages resulting from any calculations referred to in this Section 5 will be rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point (e.g., 9.876541 or .09876541 being rounded to 9.87655% or .098765), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one half cent being rounded up).

SECTION 6. Denominations, Numbers and Letters. The 1993 Series C Bonds shall be issued only as fully registered bonds without coupons, subject to the provisions regarding a book-entry only system as described in Section 7 hereof and, other than the STARS and STRIPES, the 1993 Series C Bonds shall be issued in the denomination of \$5,000, or any integral multiple thereof, in all cases not exceeding the aggregate principal amount of 1993 Series C Bonds maturing on the maturity date of the bond for which the denomination is to be specified. The STARS and STRIPES shall be issued in the denomination of \$100,000 principal amount of STARS

and \$100,000 principal amount of STRIPES, respectively, or any integral multiple thereof and shall be designated and numbered in accordance with Appendix A hereto.

SECTION 7. Book Entry 1993 Series C Bonds. (a) Except as provided in subsection (c) of this Section 7, the registered owner of all of the 1993 Series C Bonds shall be DTC and the 1993 Series C Bonds shall be registered in the name of "Cede & Co.", as nominee of DTC. The STARS and the STRIPES maturing on January 1, 2011 shall be evidenced by one STARS certificate in the principal amount of \$26,700,000 and one STRIPES certificate in the principal amount of \$26,700,000 and the STARS and the STRIPES maturing on January 1, 2012 shall be evidenced by one STARS certificate in the principal amount of \$10,000,000 and one STRIPES certificate in the principal amount of \$10,000,000.

(b) Other than the STARS and the STRIPES, the 1993 Series C Bonds shall be initially issued in the form of a separate, single authenticated fully registered Bond in the amount of each separate stated maturity of the 1993 Series C Bonds up to \$150,000,000 aggregate principal amount per certificate. Upon initial issuance, the ownership of the 1993 Series C Bonds shall be registered in the registration book of the District for the 1993 Series C Bonds maintained by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the District may treat DTC (or its nominee) as the sole and exclusive owner of the 1993 Series C Bonds registered in its name for the purposes of payment of the principal or Redemption Price of or interest on the 1993 Series C Bonds, selecting the 1993 Series C Bonds or portions thereof to be redeemed or exchanged, giving any notice permitted or required to be given to Bondholders under the Resolution, registering the transfer of 1993 Series C Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Trustee nor the District shall be affected by any notice to the contrary. Neither the Trustee nor the District shall have any responsibility or obligation to any DTC participant, any person claiming a beneficial ownership interest in the 1993 Series C Bonds under or through DTC or any DTC participant, or any other person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any DTC participant; the payment by DTC or any DTC participant of any amount in respect of the principal or Redemption Price of or interest on the 1993 Series C Bonds; any notice which is permitted or required to be given to Bondholders under the Resolutions; the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the 1993 Series C Bonds; the selection by DTC or any DTC participant of any 1993 Series C Bond to be exchanged in whole or in part as designated by the District; or any consent given or other action taken by DTC as Bondholder. The Paying Agent shall pay all principal or Redemption Price of and interest on the 1993 Series C Bonds only to or "upon

the order of" (as that term is used in the Uniform Commercial Code as adopted in the State of New York) Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal or Redemption Price of and interest on the 1993 Series C Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of the Resolution with respect to record dates, the word "Cede & Co." in this 1993 Series C Resolution shall refer to such new nominee of DTC.

(c) In the event the District determines that it is in the best interest of the beneficial owners of the 1993 Series C Bonds that they be able to obtain definitive 1993 Series C Bonds, the District shall notify DTC and the Trustee (who in turn shall notify the Auction Agent), whereupon DTC will notify DTC participants, of the availability through DTC of definitive 1993 Series C Bonds. In such event, the District shall issue, and the Trustee shall authenticate, transfer and exchange definitive 1993 Series C Bonds as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the 1993 Series C Bonds at any time by giving notice to the District and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the District and Trustee shall be obligated to deliver definitive 1993 Series C Bonds as described in the Resolution. In the event definitive 1993 Series C Bonds are issued, the provisions of the Resolution, including but not limited to Sections 304 and 305 of the Resolution, shall apply to, among other things, the transfer and exchange of such definitive 1993 Series C Bonds and the method of payment of principal or Redemption Price of and interest on such definitive 1993 Series C Bonds. Whenever DTC requests the District and the Trustee to do so, the Trustee and the District will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate definitive 1993 Series C Bonds evidencing the Bonds to any DTC participant having 1993 Series C Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of definitive 1993 Series C Bonds.

(d) Notwithstanding any other provision of the Resolution to the contrary, so long as any 1993 Series C Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or Redemption Price of and interest on such 1993 Series C Bond and all notices with respect to such 1993 Series C Bond shall be made and given to Cede & Co., as nominee of DTC, as provided in (i) the letter of representations of the District and the Trustee, dated the date of the issuance of the 1993 Series C Bonds and addressed to DTC, with respect to the 1993 Series C Bonds other than the STARS and the STRIPES and (ii) the

letter of representations of the District, the Trustee and the Auction Agent, dated the date of the issuance of the 1993 Series C Bonds and addressed to DTC, with respect to the STARS and the STRIPES, respectively, as such letters of representations may be amended and supplemented from time to time. The form of the Representation Letters in substantially the form attached hereto as Exhibit A are hereby approved. The President, or the Vice President, or the General Manager, or the Associate General Manager, Financial, Information & Planning Services, or the Corporate Treasurer or any Assistant Treasurer of the District is each hereby authorized and directed to execute the Representation Letters and to deliver the Representation Letters to the Trustee, and the Auction Agent (with respect to the letter of representations relating to the STARS and the STRIPES), and they are hereby authorized and directed to execute and deliver the Representation Letters. All of the provisions of the Representation Letters, when executed and delivered by the District as authorized herein and when duly authorized and executed by the Trustee, shall be deemed to be a part of this 1993 Series C Resolution as fully and to the same extent as if incorporated verbatim herein, with such changes, amendments, modifications, insertions, omissions or additions, including the date of such Letter, as may be approved by the President, or the Vice President, or the General Manager, or the Associate General Manager, Financial, Information & Planning Services, or the Corporate Treasurer or any Assistant Treasurer of the District. Execution by said President, or Vice President, or General Manager, or Associate General Manager, Financial, Information & Planning Services, or Corporate Treasurer or any Assistant Treasurer of the Representation Letters shall be deemed to be conclusive evidence of approval of any such change amendments, modifications, insertions, omissions or additions.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Resolutions by the District or the Trustee with respect to any consent or other action to be taken by Bondholders, the District or the Trustee, as the case may be, shall, to the extent possible, establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date.

SECTION 8. Paying Agents. Subject to the provisions of Section 7 hereof, the principal of the 1993 Series C Bonds shall be payable at the principal office of the Trustee under the Resolutions (or at the principal office of any successor Trustee appointed pursuant to the Resolutions) or, at the option of the registered owner, at the principal office of Bank of Montreal Trust Company, New York, New York, which is hereby appointed as a Paying Agent for the 1993 Series C Bonds, or at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as authorized by the Resolutions. The interest on the 1993 Series C Bonds will be payable by check or

draft mailed by the Trustee on each Interest Payment Date.

SECTION 9. Redemption Prices and Terms. (a) Mandatory Redemption - Fixed Rate Bonds maturing on January 1, 2013 and January 1, 2016. The Fixed Rate Bonds maturing on January 1, 2013 and January 1, 2016 shall be subject to redemption prior to maturity, upon random selection within a maturity by the Trustee, by operation of the Debt Service Fund to satisfy the Sinking Fund Installments set forth in Section 10 hereof, on and after January 1, 2012 in the case of the Fixed Rate Bonds maturing on January 1, 2013 and on and after January 1, 2014 in the case of the Fixed Rate Bonds maturing on January 1, 2016, in each case at 100% of the principal amount of the Fixed Rate Bonds to be redeemed, together with accrued interest up to but not including the redemption date.

(b) Mandatory Redemption - STARS. The STARS are not subject to mandatory redemption prior to maturity. As described in Appendix A hereto, the STARS are subject to mandatory tender.

(c) Mandatory Redemption - STRIPES. The STRIPES are not subject to mandatory redemption prior to maturity.

(d) Optional Redemption - Fixed Rate Bonds. (i) The Fixed Rate Bonds maturing on January 1, 2008, January 1, 2013, and January 1, 2016 are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, 2004, as a whole or in part by random selection by the Trustee within a maturity from maturities selected by the District, at the respective Redemption Prices (expressed as percentages of the principal amount of the Fixed Rate Bonds or portions thereof to be redeemed) set forth below, in each case together with accrued interest up to but not including the redemption date.

| <u>Period During Which Redeemed</u> <u>(both dates inclusive)</u> | <u>Redemption Price</u> |
|--|-------------------------|
| January 1, 2004 - December 31, 2004 | 102% |
| January 1, 2005 - December 31, 2005 | 101 |
| January 1, 2006 and thereafter | 100 |

(ii) The Fixed Rate Bonds maturing on January 1, 2017 are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, 2004, as a whole or in part by random selection by the Trustee within such maturity, at 100% of the principal amount to be redeemed together with accrued interest up to but not including the redemption date.

(iii) The Fixed Rate Bonds maturing on January 1, 1995 through January 1, 2007, inclusive, January 1, 2009 and January 1, 2010 are not subject to redemption prior to maturity.

(e) Optional Redemption - STARS. The STARS are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, 2004, as a whole or in part by random selection by the Trustee within a maturity, at 100% of the principal amount to be redeemed together with accrued interest up to but not including the redemption date.

(f) Optional Redemption - STRIPES. The STRIPES are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, 2004, as a whole or in part by random selection by the Trustee within a maturity, at the respective Redemption Prices (expressed as percentages of the principal amount of STRIPES or portions thereof to be redeemed) set forth below, in each case together with accrued interest up to but not including the redemption date:

| <u>Period During Which Redeemed</u> <u>(both dates inclusive)</u> | <u>Redemption Price</u> |
|--|-------------------------|
| January 1, 2004 - December 31, 2004 | 104% |
| January 1, 2005 - December 31, 2005 | 102 |
| January 1, 2006 and thereafter | 100 |

(g) Notice of Redemption. Notice to Bondholders of such redemption shall be given by publication once a week for at least two successive weeks in the Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to the redemption date, and by mail to the registered owners of the Bonds to be redeemed, postage prepaid, not less than 25 days nor more than 50 days prior to the redemption date. However, if at the time of giving notice of redemption, no 1993 Series C Bonds are Outstanding except registered 1993 Series C Bonds, publication of such notice is not required.

(h) Further Notice. In addition to the foregoing notice, further notice shall be given by the Trustee as set forth in this subsection (h), but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in subsection (g) above. Each further notice of redemption given hereunder shall be dated and shall state: (i) the redemption date, (ii) the Redemption Price, (iii) if fewer than all Outstanding 1993 Series C Bonds are to be redeemed, the Bond numbers (and, in the case of partial redemption, the respective principal amounts) of the 1993 Series C Bonds to be redeemed, (iv) that on the redemption date the Redemption Price will become due and payable upon each such 1993 Series C Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date, (v) the CUSIP numbers of the 1993 Series C Bonds to be redeemed, (vi) the place where such 1993 Series C Bonds are to be

surrendered for payment of the Redemption Price, (vii) the original date of execution and delivery of the 1993 Series C Bonds; (viii) the rate of interest payable with respect to each 1993 Series C Bond being redeemed; (ix) the maturity date of each 1993 Series C Bond being redeemed; and (x) any other descriptive information needed to identify accurately the 1993 Series C Bonds being redeemed. Each further notice of redemption shall be sent, at least thirty-five (35) days before the redemption date, by telecopy, registered, certified or overnight mail to the Auction Agent, all Securities Depositories and to the Information Services. Upon the payment of the Redemption Price of 1993 Series C Bonds being redeemed, each check or other transfer of funds, issued for such purpose shall, to the extent practicable, bear or indicate the CUSIP number identifying, by issue and maturity, the 1993 Series C Bonds being redeemed with the proceeds of such check or other transfer.

(i) Conditions to All Redemptions of STARS and STRIPES. No redemption of STARS or STRIPES prior to maturity may occur unless an equal principal amount of both STARS and STRIPES in denominations of \$100,000 or integral multiples thereof is simultaneously redeemed or delivered to the Trustee for cancellation. The aggregate principal amount of STARS and STRIPES to be redeemed in part shall be selected from STARS and STRIPES which are Linked together (as provided in Appendix A attached hereto) and from STARS and STRIPES which are not Linked together as of a Record Date to be selected by the Trustee.

(j) Selection of STARS and STRIPES for Redemption. If less than all of the STARS and STRIPES shall be called for redemption, the Trustee shall hold a lottery to select the particular STARS and STRIPES to be redeemed, which lottery shall be held on the second Business Day (or if the STARS and STRIPES are no longer each represented by a global Bond registered in the name of the Securities Depository or its nominee, the fifth Business Day) prior to the last date on which Trustee is required to give notice of such redemption (a "Lottery Date"). The portion of any STARS or STRIPES of a denomination of more than \$100,000 to be redeemed will be in the principal amount of \$100,000 or an integral multiple thereof, and in selecting portions of STARS and STRIPES for redemption, the Trustee will treat each such STARS or STRIPES as representing that number of STARS or STRIPES of \$100,000 denomination which is obtained by dividing the principal amount of such STARS or STRIPES by \$100,000.

(k) Except with respect to the unredeemed portion of any 1993 Series C Bond being redeemed in part, neither the Trustee nor any agent of the Trustee shall be obligated to register the transfer or exchange of any 1993 Series C Bond during (i) with respect to the Fixed Rate Bonds, the 15 days preceding the date on which notice of redemption of a Fixed Rate Bond is to be given on any Fixed Rate Bond that has been called for redemption and (ii)

with respect to the STARS and STRIPES, any Closed Period.

SECTION 10. Sinking Fund Installments. (a) Sinking Fund Installments are hereby established for the Fixed Rate Bonds maturing on January 1, 2013. Such Installments shall become due on each of the dates set forth in the following table in the respective amounts set forth opposite such dates in said table:

| <u>Principal</u> <u>January 1</u> | <u>Amount</u> |
|--------------------------------------|---------------|
| 2012 | \$37,180,000 |
| 2013 (final maturity) | 49,085,000 |

(b) Sinking Fund Installments are hereby established for the Fixed Rate Bonds maturing on January 1, 2016. Such Installments shall become due on each of the dates set forth in the following table in the respective amounts set forth opposite such dates in said table:

| <u>Principal</u> <u>January 1</u> | <u>Amount</u> |
|--------------------------------------|---------------|
| 2014 | \$49,030,000 |
| 2015 | 49,840,000 |
| 2016 (final maturity) | 51,615,000 |

(c) The Sinking Fund Installments may be satisfied by the District delivering to the Trustee, no later than 45 days in advance of the date of such Sinking Fund Installment, Fixed Rate Bonds of such maturities theretofore purchased or redeemed by the District otherwise than by operation of the sinking fund redemption provided for in this Section 10.

SECTION 11. Application of the Proceeds of 1993 Series C Bonds, Transfer of Funds in the Debt Service Account and the Debt Reserve Account, Transfer of General Fund Moneys. In accordance with the Resolution, the proceeds of the 1993 Series C Bonds, moneys in the Debt Service Account, moneys in the Debt Reserve Account and moneys in the District's general fund (subject to adjustment as below provided) shall be applied simultaneously with the delivery of the 1993 Series C Bonds, as follows:

(a) From the proceeds of the 1993 Series C Bonds, an amount equal to the accrued interest on the 1993 Series C Bonds from the dated date thereof shall be deposited in the Debt Service Account in the Debt Service Fund.

(b) From the proceeds of the 1993 Series C Bonds, \$719,862,955.55 shall be deposited with the Trustee for the purchase of Investment Securities by the Trustee for deposit in the Escrow Fund, as provided in paragraph 3 of the Escrow Deposit Agreement.

(c) Of the balance of said 1993 Series C Bond proceeds, (i) \$2,206,239.48 shall be used for the payment of a portion of the Underwriter's discount; and (ii) \$285,161.57 shall be deposited in the Construction Fund and shall be used for the purpose of paying Costs of Construction, which includes the costs of financing.

(d) The Trustee is hereby directed to withdraw from the Debt Service Account \$16,137,369.75 and from the Debt Reserve Account \$3,517,000.00, of which amounts, \$16,134,484.53 and \$3,515,945.98, respectively, shall be used for the purchase of Investment Securities by the Trustee for deposit in the Escrow Fund, all as provided in paragraph 3 of the Escrow Deposit Agreement, and the balance of such amounts, \$2,885.22 and \$1,054.02, respectively, shall be deposited in the Construction Fund and shall be used to pay a portion of the costs of the financing.

(e) The District shall transfer from its general fund \$70,000,000.00 for deposit with the Trustee. Of such amount, (i) \$314,212.29 shall be deposited into the Construction Fund and shall be applied to the payment of a portion of the costs of the financing; (ii) \$2,421,085.97 shall be applied to the payment of a portion of the underwriters' discount; and (iii) \$67,264,701.74 shall be applied to the purchase of Investment Securities by the Trustee for deposit in the Escrow Fund, as provided in paragraph 3 of the Escrow Deposit Agreement. Of that \$67,264,701.74, (i) \$58,279,823.94 shall be used for the purpose of refunding a portion of the Refunded 1986 C Bonds; (ii) \$3,915,106.63 shall be used for the purpose of refunding \$3,500,000 of Refunded 1988 B Bonds and (iii) \$5,069,771.17 shall be used for the purpose of paying the call premium and interest on the Bonds To Be Refunded other than the Refunded 1986 C Bonds, the Refunded 1988 B Bonds and the Refunded 1989 A Bonds.

The principal of and the interest on the Investment Securities so purchased and on deposit in the Escrow Fund are sufficient when due to pay the principal, Redemption Price and interest on the Bonds To Be Refunded when due and payable.

The President, or the Vice President, or the Associate General Manager, Financial, Information & Planning Services or the Corporate Treasurer of the District be and are hereby each authorized and directed to increase or decrease the above deposits or to make such other deposits as may be necessary in order to effect the defeasance of the Bonds To Be Refunded in compliance with the law generally and specifically with the Resolutions and

Section 148 of the Code. Any adjustments made to the above deposits shall be reflected in the arbitrage certificate of the District and the Escrow Deposit Agreement.

SECTION 12. The Bonds To Be Refunded Escrow Deposit Fund.

The Bonds To Be Refunded Escrow Deposit Fund shall be established under the Escrow Deposit Agreement. Such Fund shall be held by the Trustee as Escrow Agent and the amounts in such Fund shall be applied pursuant to the Escrow Deposit Agreement for the payment of the Bonds To Be Refunded.

SECTION 13. Form of 1993 Series C Bonds. Subject to the provisions of the Resolutions, the 1993 Series C Bonds, the STARS and the STRIPES, and the Certificate of Authentication shall be in substantially the form of Appendix B, C and D, hereto, respectively.

SECTION 14. Redemption of Refunded 1974 A Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on January 1, 1994 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1974 A Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1974 A Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to January 1, 1994, and in any event no later than December 2, 1993, a notice of redemption of the Refunded 1974 A Bonds and coupons, if any, in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1974 SERIES A
MATURING ON JANUARY 1, 2012

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1974 Series A of Salt River Project Agricultural Improvement and Power District maturing on January 1, 2012 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of January 1, 1994 (the "Redemption Date") in accordance with their terms at a Redemption Price of 100.00% of the

principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before January 1, 1994, and in any event no later than December 7, 1993, to the registered owners of the Refunded 1974 A Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1974 A Bonds.

SECTION 15. Redemption of Refunded 1976 A Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on January 1, 1994 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1976 A Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1976 A Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to January 1, 1994, and in any event no later than December 2, 1993, a notice of redemption of the Refunded 1976 A Bonds and coupons, if any, in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1976 SERIES A
MATURING ON JANUARY 1, 1997

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1976 Series A of Salt River Project Agricultural Improvement and Power District maturing on January 1, 1997 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of January 1, 1994 (the "Redemption Date") in accordance with their terms at a Redemption Price of 101.00% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before January 1, 1994, and in any event no later than December 7, 1993, to the registered owners of the Refunded 1976 A Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1976 A Bonds.

SECTION 16. Redemption of Refunded 1976 B Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on January 1, 1994 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1976 B Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee

irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1976 B Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to January 1, 1994, and in any event no later than December 2, 1993, a notice of redemption of the Refunded 1976 B Bonds and coupons, if any, in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1976 SERIES B
MATURING ON JANUARY 1, 1998 AND JANUARY 1, 1999

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1976 Series B of Salt River Project Agricultural Improvement and Power District maturing on January 1, 1998 and January 1, 1999 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of January 1, 1994 (the "Redemption Date") in accordance with their terms at a Redemption Price of 101.00% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as

provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before January 1, 1994, and in any event no later than December 7, 1993, to the registered owners of the Refunded 1976 B Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1976 B Bonds.

SECTION 17. Redemption of Refunded 1976 C Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on January 1, 1994 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1976 C Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1976 B Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to January 1, 1994, and in any event no later than December 2, 1993, a notice of redemption of the Refunded 1976 C Bonds and coupon, if any, in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1976 SERIES C
MATURING ON JANUARY 1, 1998

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1976 Series C of Salt River Project Agricultural Improvement and Power District maturing on January 1, 1998 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of January 1, 1994 (the "Redemption Date") in accordance with their terms at a Redemption Price of 101.00% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender

thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before January 1, 1994, and in any event no later than December 7, 1993, to the registered owners of the Refunded 1976 C Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1976 C Bonds.

SECTION 18. Redemption of Refunded 1976 D Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on December 2, 1993 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1976 D Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1976 D Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to December 2, 1993, and in any event no later than November 2, 1993, a notice of redemption of the Refunded 1976 D Bonds and coupons, if any, in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1976 SERIES D
MATURING ON JANUARY 1, 1998 AND JANUARY 1, 1999

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1976 Series D of Salt River Project Agricultural Improvement and Power District maturing on January 1, 1998 and January 1, 1999 and of the coupons, if any, appertaining

thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of December 2, 1993 (the "Redemption Date") in accordance with their terms at a Redemption Price of 101.50% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before December 2, 1993, and in any event no later than November 5, 1993, to the registered owners of the Refunded 1976 D Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1976 D Bonds.

SECTION 19. Redemption of Refunded 1977 A Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on December 2, 1993 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1977 A Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1977 A Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to December 2, 1993, and in any event no later than

November 2, 1993, a notice of redemption of the Refunded 1977 A Bonds and coupons, if any, in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1977 SERIES A
MATURING ON JANUARY 1, 1999, JANUARY 1, 2000, JANUARY 1, 2001
JANUARY 1, 2007 AND JANUARY 1, 2017

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1977 Series A of Salt River Project Agricultural Improvement and Power District maturing on January 1, 1999, January 1, 2000, January 1, 2001, January 1, 2007 and January 1, 2017 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of December 2, 1993 (the "Redemption Date") in accordance with their terms at a Redemption Price of 101.50% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before December 2, 1993, and in any event no later than November 5, 1993, to the registered owners of the Refunded 1977 A Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1977 A Bonds.

SECTION 20. Redemption of Refunded 1977 B Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on December 2, 1993 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1977 B Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1977 B Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to December 2, 1993, and in any event no later than November 2, 1993, a notice of redemption of the Refunded 1977 B Bonds and coupons, if any, in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1977 SERIES B
MATURING ON JANUARY 1, 2000, JANUARY 1, 2001, JANUARY 1, 2002,
JANUARY 1, 2003 AND JANUARY 1, 2015

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1977 Series B of Salt River Project Agricultural Improvement and Power District maturing on January 1, 2000, January 1, 2001, January 1, 2002, January 1, 2003 and January 1, 2015 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of December 2, 1993 (the "Redemption Date") in accordance with their terms at a Redemption Price of 101.50% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before December 2, 1993, and in any event no later than November 5, 1993, to the registered owners of the Refunded 1977 B Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1977 B Bonds.

SECTION 21. Redemption of Refunded 1977 C Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on December 2, 1993 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1977 C Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1977 C Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to December 2, 1993, and in any event no later than November 2, 1993, a notice of redemption of the Refunded 1977 B Bonds and coupons, if any, in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1977 SERIES C
MATURING ON JANUARY 1, 2002, JANUARY 1, 2003
AND JANUARY 1, 2017

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1977 Series C of Salt River Project Agricultural Improvement and Power District maturing on January 1, 2002, January 1, 2003 and January 1, 2017 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of December 2, 1993 (the

"Redemption Date") in accordance with their terms at a Redemption Price of 101.50% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before December 2, 1993, and in any event no later than November 5, 1993, to the registered owners of the Refunded 1977 C Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1977 C Bonds.

SECTION 22. Redemption of Refunded 1978 A Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on January 1, 1994, from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1978 A Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1978 A Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to January 1, 1994, and in any event no later than December 2, 1993, a notice of redemption of the Refunded 1978 A Bonds and coupons, if any, in substantially the following

form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1978 SERIES A
MATURING ON JANUARY 1, 1999 AND JANUARY 1, 2000

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1978 Series A of Salt River Project Agricultural Improvement and Power District maturing on January 1, 1999 and January 1, 2000 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of January 1, 1994 (the "Redemption Date") in accordance with their terms at a Redemption Price of 100.50% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before January 1, 1994, and in any event no later than December 7, 1993, to the registered owners of the Refunded 1978 A Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1978 A Bonds.

SECTION 23. Redemption of Refunded 1979 A Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on December 2, 1993 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1979 A Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1979 A Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to December 2, 1993, and in any event no later than November 2, 1993, a notice of redemption of the Refunded 1979 A Bonds and coupons, if any, in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1979 SERIES A
MATURING ON JANUARY 1, 1997

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1979 Series A of Salt River Project Agricultural Improvement and Power District maturing on January 1, 1997 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of December 2, 1993 (the "Redemption Date") in accordance with their terms at a Redemption Price of 101.00% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before December 2, 1993, and in any event no later than November 5, 1993, to the registered owners of the Refunded 1979 A Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1979 A Bonds.

SECTION 24. Redemption of Refunded 1986 D Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on December 2, 1993 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1986 D Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) If at the time of giving of notice any Refunded 1986 D Bond is in a form other than fully registered form, to publish in the name of the District, once a week for at least two successive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to December 2, 1993, and in any event no later than November 2, 1993, a notice of redemption of the Refunded 1986 D Bonds and coupons, if any, in substantially the following form:

**NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1986 SERIES D
MATURING ON JANUARY 1, 1998 AND JANUARY 1, 1999**

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1986 Series D of Salt River Project Agricultural Improvement and Power District maturing on January 1, 1998 and January 1, 1999 and of the coupons, if any, appertaining thereto (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of December 2, 1993 (the "Redemption Date") in accordance with their terms at a Redemption Price of 102.00% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds and coupons, if any, appertaining

thereto will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) To mail a copy of such notice of redemption given as provided in (a) above, postage prepaid, not less than 25 days nor more than 50 days before December 2, 1993, and in any event no later than November 5, 1993, to the registered owners of the Refunded 1986 D Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1986 D Bonds.

SECTION 25. Redemption of Refunded 1986 C Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on January 1, 1996 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1986 C Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) To publish in the name of the District, as soon as practicable, at least twice, at an interval of not less than seven (7) days between publications, in two Authorized Newspapers, a notice to the Holders of the Refunded 1986 C Bonds in substantially the following form:

SALT RIVER PROJECT
AGRICULTURAL IMPROVEMENT AND POWER DISTRICT
NOTICE TO HOLDERS OF ELECTRIC SYSTEM REVENUE
BONDS, 1986 SERIES C
MATURING ON JANUARY 1, 2007, JANUARY 1, 2008,
JANUARY 1, 2010 AND JANUARY 1, 2017

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1986 Series C maturing on January 1, 2007, January 1, 2008, January 1, 2010 and January 1, 2017 (the "Bonds"), of Salt River Project Agricultural Improvement and Power District, that there has been deposited with First Interstate Bank

of Arizona, N.A. as Trustee, direct obligations of, or obligations guaranteed by, the United States of America the principal of and the interest on which when due will provide moneys which shall be sufficient and available to pay (i) the interest on the Bonds becoming due and payable on and prior to January 1, 1996 (the "Redemption Date") and (ii) the principal of the Bonds to be called for redemption on the Redemption Date, at 102.00% of the principal amount thereof, and that the Bonds are deemed to be paid in accordance with Section 1201 of the Resolution Concerning Revenue Bonds of the District dated as of November 1, 1972, as supplemented and amended.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) If at the time of giving of notice any Refunded 1986 C Bond is in a form other than fully registered form, to publish, in the name of the District, once a week for at least two consecutive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to January 1, 1996, a notice of redemption of the Refunded 1986 C Bonds in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1986 SERIES C
MATURING ON JANUARY 1, 2007, JANUARY 1, 2008,
JANUARY 1, 2010 AND JANUARY 1, 2017

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1986 Series C of Salt River Project Agricultural Improvement and Power District maturing on January 1, 2007, January 1, 2008, January 1, 2010 and January 1, 2017 (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of January 1, 1996 (the "Redemption Date") in accordance with their terms at a Redemption Price of 102.00% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1995.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(c) To mail a copy of such notice of redemption given as provided in (b) above, postage prepaid, not less than 25 days nor more than 50 days prior to January 1, 1996, to the registered owners of the Refunded 1986 C Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1986 C Bonds.

SECTION 26. Redemption of Refunded 1988 B Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on January 1, 1996 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1988 B Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) To publish in the name of the District, as soon as practicable, at least twice, at an interval of not less than seven (7) days between publications, in two Authorized Newspapers, a notice to the Holders of the Refunded 1988 B Bonds in substantially the following form:

SALT RIVER PROJECT
AGRICULTURAL IMPROVEMENT AND POWER DISTRICT
NOTICE TO HOLDERS OF ELECTRIC SYSTEM REVENUE
BONDS, 1988 SERIES B
MATURING ON JANUARY 1, 2004 AND JANUARY 1, 2009

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1988 Series B maturing on January 1, 2004 and January 1, 2009 (the "Bonds"), of Salt River Project Agricultural Improvement and Power District, that there has been deposited with First Interstate Bank of Arizona, N.A. as Trustee, direct obligations of, or obligations guaranteed by, the United

States of America the principal of and the interest on which when due will provide moneys which shall be sufficient and available to pay (i) the interest on the Bonds becoming due and payable on and prior to January 1, 1996 (the "Redemption Date") and (ii) the principal of the Bonds to be called for redemption on the Redemption Date, at 102.00% of the principal amount thereof, and that the Bonds are deemed to be paid in accordance with Section 1201 of the Resolution Concerning Revenue Bonds of the District dated as of November 1, 1972; as supplemented and amended.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) If at the time of giving of notice any Refunded 1988 B Bond is in a form other than fully registered form, to publish, in the name of the District, once a week for at least two consecutive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to January 1, 1996, a notice of redemption of the Refunded 1988 B Bonds in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1988 SERIES B
MATURING ON JANUARY 1, 2004 AND JANUARY 1, 2009

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1988 Series B of Salt River Project Agricultural Improvement and Power District maturing on January 1, 2004 and January 1, 2009 (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of January 1, 1996 (the "Redemption Date") in accordance with their terms at a Redemption Price of 102.00% of the principal amount thereof, together with accrued interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds will receive payment of the Redemption Price and accrued interest to which they are entitled

upon presentation and surrender thereof at the principal office of First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1995.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(c) To mail a copy of such notice of redemption given as provided in (b) above, postage prepaid, not less than 25 days nor more than 50 days prior to January 1, 1996, to the registered owners of the Refunded 1989 A Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1988 B Bonds.

SECTION 27. Redemption of Refunded 1989 A Bonds. The District hereby irrevocably elects and directs the Trustee to redeem on January 1, 1999 from the amount deposited with the Trustee pursuant to Section 11 hereof its Refunded 1989 A Bonds.

Upon the delivery of the 1993 Series C Bonds, an Authorized Officer of the District shall give the Trustee irrevocable instructions required by subsection 2 of Section 1201 of the Resolution as follows:

(a) To publish in the name of the District, as soon as practicable, at least twice, at an interval of not less than seven (7) days between publications, in two Authorized Newspapers, a notice to the Holders of the Refunded 1989 A Bonds in substantially the following form:

SALT RIVER PROJECT
AGRICULTURAL IMPROVEMENT AND POWER DISTRICT
NOTICE TO HOLDERS OF ELECTRIC SYSTEM REVENUE
BONDS, 1989 SERIES A
MATURING ON JANUARY 1, 2005

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1989 Series A maturing on January 1, 2005 (the "Bonds"), of Salt River Project Agricultural Improvement and Power District, that there has been deposited with First Interstate Bank of Arizona, N.A. as Trustee, direct obligations of, or obligations guaranteed by, the United States of America the principal of and the accreted interest on which when due will provide moneys which shall be sufficient and available to pay (i)

the interest on the Bonds becoming due and payable on and prior to January 1, 1999 (the "Redemption Date") and (ii) the principal of the Bonds to be called for redemption on the Redemption Date, at 105.00% of the principal amount thereof, and that the Bonds are deemed to be paid in accordance with Section 1201 of the Resolution Concerning Revenue Bonds of the District dated as of November 1, 1972, as supplemented and amended.

Dated this _____ day of _____, 1993.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(b) If at the time of giving of notice any Refunded 1989 A Bond is in a form other than fully registered form, to publish, in the name of the District, once a week for at least two consecutive weeks in two Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to January 1, 1999, a notice of redemption of the Refunded 1989 A Bonds in substantially the following form:

NOTICE OF REDEMPTION
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT ELECTRIC
SYSTEM REVENUE BONDS, 1989 SERIES A
MATURING ON JANUARY 1, 2005

Notice is hereby given to the holders of the Outstanding Electric System Revenue Bonds, 1989 Series A of Salt River Project Agricultural Improvement and Power District maturing on January 1, 2005 (the "Bonds"), that said Bonds have been called for redemption prior to maturity as of January 1, 1999 (the "Redemption Date") in accordance with their terms at a Redemption Price of 105.00% of the principal amount thereof, together with accreted interest thereon up to but not including the Redemption Date.

The Redemption Price of and accrued interest on such Bonds shall become due and payable on the Redemption Date, and from and after the Redemption Date interest on such Bonds shall cease to accrue and be payable.

Holders of such Bonds will receive payment of the Redemption Price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal office of

First Interstate Bank of Arizona, N.A. Phoenix, Arizona.

Dated this _____ day of _____, 1998.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

By First Interstate Bank of
Arizona, N.A.
as Trustee

(c) To mail a copy of such notice of redemption given as provided in (b) above, postage prepaid, not less than 25 days nor more than 50 days prior to January 1, 1999, to the registered owners of the Refunded 1989 A Bonds at their last addresses, if any, appearing upon the registry books for the Refunded 1989 A Bonds.

SECTION 28. Combination of Redemption Notices. For the purpose of satisfying the publication and/or mailing requirement of redemption notices set forth in Section 14 through Section 27 hereof, the Trustee may combine into one redemption notice the notices required under Section 14 through Section 24 hereof and the Trustee may combine into one redemption notice the notices required under Section 25 through Section 27 hereof.

SECTION 29. Escrow Deposit Agreement. Upon the issuance of the 1993 Series C Bonds, the District intends to enter into the Escrow Deposit Agreement. The form of the Escrow Deposit Agreement in substantially the form attached hereto as Exhibit B is hereby approved. The President, or the Vice President, or the General Manager, or the Associate General Manager, Financial, Information & Planning Services or the Corporate Treasurer of the District are hereby each authorized and directed to execute the Escrow Deposit Agreement and to deliver the Escrow Deposit Agreement to the Trustee as the Escrow Agent, and they are hereby each authorized and directed to execute and deliver the Escrow Deposit Agreement. All of the provisions of the Escrow Deposit Agreement, when executed and delivered by the District as authorized herein and when duly authorized and executed by the Trustee as Escrow Agent, shall be deemed to be a part of this 1993 Series C Resolution as fully and to the same extent as if incorporated verbatim herein, with such changes, amendments, modifications, insertions, omissions or additions, including the date of such Agreement, as may be approved by the President, or the Vice President, or the General Manager, or the Associate General Manager, Financial, Information & Planning Services or the Corporate Treasurer of the District. Execution by said President or Vice President, or General Manager, or Associate General Manager, Financial, Information & Planning Services or the Corporate Treasurer of the Escrow Deposit Agreement

shall be deemed to be conclusive evidence of approval of any such change amendments, modifications, insertions, omissions or additions.

SECTION 30. Execution, Delivery and Authentication. The 1993 Series C Bonds shall be executed by imprinting thereon the facsimile signature of the President or Vice President of the District and by affixing thereto the corporate seal of the District or facsimile thereof and said signature and seal shall be attested by the facsimile signature of the Secretary or an Assistant Secretary of the District. The Corporate Treasurer of the District or his designee is hereby authorized and directed to deliver the 1993 Series C Bonds executed in the foregoing manner to the Purchasers upon payment of the purchase price specified in Section 31 hereof pursuant to the terms and conditions of the Purchase Contract. The proper officers of the District are hereby authorized to have printed or otherwise reproduced on the back of each of the 1993 Series C Bonds the approving opinion of Mudge Rose Guthrie Alexander & Ferdon, Bond Counsel, and a certification executed by the facsimile signature of the Secretary or an Assistant Secretary of the District with respect to the form and delivery of said opinion. All Officers of the District and employees designated by Officers are authorized to sign and execute all certificates and documents required for the sale and delivery of the 1993 Series C Bonds and the refunding and defeasance of the Bonds to be Refunded.

The Trustee (or its duly designated agent) as Authenticating Agent is hereby authorized and directed to manually execute the Certificate of Authentication appearing on the 1993 Series C Bonds. No 1993 Series C Bond shall be issued and delivered hereunder without the manual signature of an authorized representative of the Trustee or its Authenticating Agent appearing on such Certificate of Authentication.

SECTION 31. Purchase Contract. The Purchase Contract, which is attached hereto as Exhibit C, is hereby approved. The 1993 Series C Bonds are hereby sold to the Purchasers, pursuant to the terms and conditions of the Purchase Contract, at an aggregate purchase price of 98.809% of the principal amount of the 1993 Series C Bonds, being \$717,727,031.18 calculated as follows: \$726,380,000 aggregate principal amount of 1993 Series C Bonds, plus \$8,673,624.35 Original Issue Premium, less \$12,699,267.75 of net Original Issue Discount on the 1993 Series C Bonds and less Underwriters' Discount in the amount of \$4,627,325.42; plus accrued interest from the dated date thereof to the date of delivery and payment therefor, and the President, or the Vice President, or the General Manager, or the Associate General Manager, Financial, Information & Planning Services or the Corporate Treasurer of the District are each hereby authorized and directed to execute the Purchase Contract and to deliver the same for and on behalf of the District to the Purchasers.

SECTION 32. Amortization of Financing Costs and Accounting Loss on Defeasance. In order to provide accurate accounting records and reports, (i) the financing costs of approximately \$600,000.00 resulting from the issuance of the 1993 Series C Bonds shall be amortized monthly over the life of the 1993 Series C Bonds, and (ii) the accounting loss of approximately \$72,300,000.00 on the defeasance of the Bonds To Be Refunded shall be amortized monthly over the life of the Bonds To Be Refunded.

SECTION 33. Investment of Good Faith Deposit. The proceeds of the good faith deposit in the amount of \$7,250,000.00 received by the District from the Purchasers shall be deposited by the District with a depository in a special account established by the Corporate Treasurer of the District. Pending the application of the moneys so deposited in said special account, such moneys, or so much thereof as may be practicable, shall be invested by such depository on behalf of the District in direct obligations of or obligations guaranteed by the United States or in repurchase agreements with banks or brokerage houses fully secured by such obligations, all as the Corporate Treasurer of the District shall specify or direct.

SECTION 34. Approval of Final Official Statement. The draft Official Statement dated October 6, 1993 is hereby deemed "final" as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain omissions permitted thereunder and except for changes permitted by other applicable law. Authorized Officers and staff of the District are authorized to prepare and deliver to the Purchasers an Official Statement, dated the date hereof, relating to the 1993 Series C Bonds substantially in the form attached hereto as Exhibit D. The President, or the Vice President, or the General Manager, or the Associate General Manager, Financial, Information & Planning Services or the Corporate Treasurer of the District are hereby each authorized and directed to execute and deliver the Official Statement, for and on behalf of the District, to the Purchasers. The Secretary or an Assistant Secretary of the District are each hereby authorized to attest signatures.

SECTION 35. Auction Agent. (a) The Bank of New York, a New York banking corporation, is hereby appointed initial Auction Agent. The Auction Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder, including without limitation those imposed under Appendix A hereto, by executing and delivering the Auction Agreement. The Trustee is hereby directed to enter into the Auction Agreement with the Auction Agent.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in 1993 Series C Bonds (including STARS and STRIPES) with the same rights as if it were not the Auction Agent.

(c) The Auction Agent shall be (1) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$30,000,000, or (2) a member of the National Association of Securities Dealers having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by the Resolutions and all the duties of a member of, or a participant in, the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by the Resolutions by giving at least ninety (90) days notice to the Trustee who shall give notice of the same to each Broker-Dealer, the Securities Depository and the District. The Auction Agent may be removed at any time by the Trustee by written notice, delivered to the Auction Agent, each Broker-Dealer and the District. In addition, the Trustee, acting at the written direction of the holders of 66 2/3% of the aggregate principal amount of the STARS and the STRIPES then Outstanding, may remove the Auction Agent at any time. Upon any such resignation or removal, the Trustee shall appoint a successor Auction Agent as approved by the District and meeting the requirements of this Section. If the Trustee is unable to find a successor Auction Agent having such requirements, it shall petition a court of competent jurisdiction to appoint a successor Auction Agent having such qualifications as such court shall prescribe. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and 1993 Series C Bonds held or maintained by it in such capacity to its successor or, if no successor has been appointed prior to the effective date of its resignation, or removal, to the Trustee.

(d) Notwithstanding any other provision herein to the contrary, neither the District nor the Trustee shall have (i) any liability for acts or omissions (negligent or otherwise) of the Auction Agent or any Broker-Dealer (except as may be otherwise specifically provided in a written agreement between the District and such parties), or (ii) any obligation to pay the fees, costs or expenses of the Auction Agent or any Broker-Dealer except that the District shall have the obligation to pay the Trustee (but solely from the sources specified in the Resolutions) as provided in the Resolutions. Neither the District nor the Trustee shall have any obligation or liability with respect to any failed purchase as described in Section 3.01 of Appendix A.

Notwithstanding any other provision herein to the contrary, neither the District nor the Trustee has any obligation to expend its own funds to maintain in place an Auction Agent, Broker-Dealer or bond depository, or to maintain in effect Auction Procedures.

SECTION 36. Arbitrage Certification. The District covenants and agrees that it shall not direct or permit any action which would cause any 1993 Series C Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or direct or permit any action inconsistent with the applicable regulations thereunder as amended from time to time and as applicable to the 1993 Series C Bonds.

SECTION 37. Clarifying Amendment to the Resolution. In order to clarify certain matters relating to the issuance of the STARS and the STRIPES, the following supplemental amendment is made to the indicated section of the Resolution, which amendment the District determines is not contrary to or inconsistent with the Resolution as in effect prior to the adoption of this Resolution Authorizing The Issuance And Sale Of \$726,380,000 1993 Series C Bonds.

The following sentence is added to the end of Section 203(1):

"For the purposes of this Section 203 only, the subseries of STARS (as defined in the applicable Series Resolution), the subseries of STRIPES (as defined in the applicable Series Resolution) and the Fixed Rate Bonds (as defined in the applicable Series Resolution) shall each be treated as an individual series of Bonds."

SECTION 38. Tax Exemption. In order to maintain the exclusion from Federal gross income of interest on the 1993 Series C Bonds, the District shall comply with the provisions of the Code applicable to the 1993 Series C Bonds, including without limitation the provisions of the Code relating to the computation of the yield on investments of the gross proceeds of the 1993 Series C Bonds, reporting of earnings on the gross proceeds of the 1993 Series C Bonds, and rebate of excess earnings to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the District shall comply with the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, to be executed by the President, or the Vice President, or the General Manager, or the Associate General Manager, Financial, Information & Planning Services, or the Corporate Treasurer or any Assistant Treasurer of the District at the time the 1993 Series C Bonds are issued, as such Tax Certificate may be amended from time to time, as a source of guidance for achieving compliance with the Code, and such officers are hereby authorized and directed to execute and deliver such Tax Certificate for and on behalf of the District.

SECTION 39. Effective Date. This resolution shall take effect immediately upon adoption.

APPENDIX A
AUCTION PROCEDURES

ARTICLE I.

DEFINITIONS

SECTION 1.01 Definitions of Specific Terms. All terms which are defined in the Resolutions have the same meanings in this Appendix A as such terms are given in the Resolutions. Unless the context shall clearly indicate some other meaning or may otherwise require, the terms defined in this Section shall control and shall, for all purposes of the Resolutions and of any resolution or other instrument amendatory thereof or supplemental thereto and of any certificate, opinion, instrument or document herein or therein mentioned, have the meanings herein specified, with the following definitions to be equally applicable to both the singular and plural forms of any terms herein defined and vice versa.

"Adjustable Percentages" shall mean the percentage used to determine the Minimum Rate, the Applicable Percentage used to determine the Maximum Rate and the percentage of the Index used to determine the Default Rate.

"After-Tax Equivalent Rate," on any date of determination shall mean the interest rate per annum equal to:

AA Composite Commercial Paper Rate on such date times 1.00 minus the Statutory Corporate Tax Rate on such date.

For the purposes of the definition of After-Tax Equivalent Rate,

A. "AA Composite Commercial Paper Rate," on any date of determination, shall mean (A) the interest equivalent of the 30-day rate on commercial paper placed on behalf of issuers whose corporate bonds are rated AA by S&P, or the equivalent of such rating by S&P, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York, for the Business Day immediately preceding such date of determination, or (B) if the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or otherwise, by Bear, Stearns & Co. Inc. or such other commercial paper dealers as the

District may from time to time appoint or, in lieu of any thereof, their respective affiliates or successors which are commercial paper dealers (the "Commercial Paper Dealers"), to the Auction Agent for the close of business on the Business Day immediately preceding such date of determination; provided that if any Commercial Paper Dealer does not quote a commercial paper rate required to determine the AA Composite Commercial Paper Rate, the AA Composite Commercial Paper Rate shall be determined by a commercial paper dealer (a "Substitute Commercial Paper Dealer") selected by the District to provide such commercial paper rate or rates. For purposes of this definition, the "interest equivalent" means the equivalent yield on a 365/366-day basis of a discount-basis security to an interest-bearing security; and

B. "Statutory Corporate Tax Rate," on any date of determination, shall mean the highest tax rate bracket expressed in decimals now or hereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 11 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year.

"Applicable Percentage," on any date of determination, shall mean the percentage determined as set forth below based on the prevailing rating of the STARS in effect at the close of business on the Business Day immediately preceding such date:

| <u>Prevailing Rating</u> | <u>Applicable Percentage</u> |
|--------------------------|------------------------------|
| AAA/"Aaa" | 170% |
| AA/"Aa" | 170 |
| A/"A" | 180 |
| BBB/"Baa" | 200 |
| Below BBB/"Baa" | 265 |

The above percentages may be adjusted by the Market Agent to reflect a Change of Preference Law, as described in Section 2.09 of this Appendix A.

"Auction" shall mean each periodic implementation of the Auction Procedures.

"Auction Agent" shall mean any entity appointed as such pursuant to Section 35 of the 1993 Series C Resolution, initially The Bank of New York, a New York banking corporation.

"Auction Agent Agreement" shall mean the Auction Agent Agreement, dated as of October 1, 1993, between the Auction Agent and the Trustee and all amendments thereto and any other agreement entered into by the Trustee and any successor Auction Agent in lieu of the original Auction Agreement and all amendments thereto.

"Auction Agent Fee" shall mean, with respect to any Rate Period, the fee to be paid from the interest payable on the Regular STARS and Special Linked STARS and STRIPES to the Auction Agent on the Interest Payment Date immediately following such Rate Period for conducting the Auctions for the benefit of the Owners of Regular STARS and Special Linked STARS and STRIPES, as determined in accordance with Section 2.01 of this Appendix.

"Auction Agent Fee Rate" shall mean the rate per annum (computed on the basis of a 365/366-day year for the actual number of days elapsed) to be used in computing the Auction Agent Fee to be paid to the Auction Agent for the services rendered by it with respect to Auctions, which rate shall equal .03 of 1% per annum until changed in accordance with Section 2.01 of this Appendix, and thereafter shall equal the rate per annum most recently determined pursuant to Section 2.01 of this Appendix.

"Auction Date" shall mean, during any period in which the Auction Procedures are not suspended in accordance with Article II of this Appendix, the Business Day next preceding the first day of each Auction Period (whether or not an Auction shall be conducted on such date), the first Auction Date for the STARS being December 1, 1993; thereafter, the Auction Date will be every fifth (5th) Wednesday, provided that (i) if such Wednesday is not a Business Day or (ii) if such Wednesday is not followed by two consecutive Business Days, then the Auction Date will be the day next preceding such Wednesday that is a Business Day, the first Business Day after which is followed by a Business Day.

"Auction Period" shall mean the period commencing the day immediately following any Auction Date to and including the next following Auction Date.

"Auction Procedures" shall mean the procedures set forth in Articles II and III of this Appendix.

"Auction Rate" shall mean, for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate; (ii) if Sufficient Clearing Bids do not exist (other than because all of the STARS are either the subject of Submitted Hold Orders or were Linked STARS and STRIPES or Special Linked STARS and STRIPES at the close of business on the immediately preceding Auction Record Date), the Maximum Rate; or (iii) if all of the STARS are the subject of Submitted Hold Orders or were Linked STARS and STRIPES or Special Linked STARS and STRIPES at the close of business on the immediately preceding Auction Record Date, the Minimum Rate.

"Auction Record Date" shall mean the Business Day next preceding each Auction Date.

"Authorized Denominations" shall mean with respect to STARS and STRIPES \$100,000 and any integral multiple thereof.

"Available STARS" shall mean on each Auction Date, the aggregate principal amount of Regular STARS at the close of business on the immediately preceding Auction Record Date that are not the subject of Submitted Hold Orders.

"Bid" shall have the meaning specified in Section 2.04 of this Appendix.

"Bidder" shall mean each Existing Owner and Potential Owner who places an Order.

"Broker-Dealer" shall mean any broker-dealer or other entity that is permitted by law to perform the functions required of a Broker-Dealer in Articles II and III of this Appendix on behalf of Existing Owners and Potential Owners of STARS, that is a Direct Participant in the Securities Depository, that has been selected by the District and that is a party to a Broker-Dealer Agreement with the Auction Agent that remains effective.

"Broker-Dealer Agreement" shall mean an agreement between the Auction Agent and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures specified in Articles II and III of this Appendix, as such agreement may from time to time be amended or supplemented, and shall also mean the Broker-Dealer Agreement, dated as of October 1, 1993, between the Auction Agent and Bear, Stearns & Co. Inc. and all amendments thereto.

"Broker-Dealer Fee" shall mean, with respect to any Rate Period, the fee from the interest payable on the Regular STARS and the Special Linked STARS and STRIPES to be paid to the Broker-Dealer on the Interest Payment Date for its services for the benefit of the Owners of the Regular STARS and Special Linked STARS and STRIPES, relating to the Auctions, as determined in accordance with Section 2.01 of this Appendix.

"Broker-Dealer Fee Rate" shall mean the rate per annum (computed on the basis of a 365/366-day year for the actual number of days elapsed) to be used in computing the Broker-Dealer Fee to be paid to the Broker-Dealer for the services rendered by it with respect to such Auctions, which rate shall equal .25 of 1% per annum until changed in accordance with Section 2.01 of this Appendix, and thereafter shall equal the rate per annum most recently determined pursuant to Section 2.01 of this Appendix.

"Business Day" shall mean any day except Saturday, Sunday or any day on which banking institutions located in the States of

New York or Arizona are required or authorized to close or on which the New York Stock Exchange is closed.

"Change of Preference Law" shall mean, with respect to any Owner of a 1993 Series C Bond, any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury after the date hereof which (i) changes or would change any deduction, credit or other allowance allowable in computing liability for any Federal tax with respect to, or (ii) imposes or would impose or reduces or would reduce or increases or would increase any Federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any holder of bonds the interest on which is excluded from Federal gross income under Section 103 of the Code.

"Closed Period" shall mean each period (a) commencing at 11:00 a.m., New York City time, on the Business Day immediately preceding any Record Date and ending immediately prior to the opening of business on the next succeeding Interest Payment Date, (b) commencing at 11:00 a.m., New York City time, on the Business Day immediately preceding each Auction Record Date and ending immediately prior to the opening of business on the next succeeding Auction Date and (c) commencing immediately prior to the opening of business on the Business Day next preceding the Lottery Date and ending immediately prior to the opening of business on the date fixed for redemption.

"Default Rate" shall mean, on any date of determination, the interest rate per annum equal to the lesser of: (i) two hundred sixty-five percent (265%) of the Index on such date (as such percentage may be adjusted in accordance with Section 2.09 of this Appendix A); and (ii) the rate that for any Rate Period would, together with the Service Charge, produce a STRIPES Rate of zero per cent per annum for such Rate Period.

"Delivery Date" shall mean October 28, 1993, the date of initial delivery of the STARS and STRIPES.

"Direct Participant" shall mean the member of, or the direct participant in, the Securities Depository that will act on behalf of a Bidder and is identified as such in such Bidder's Master Purchaser's Letter.

"DWAC Services" shall mean the "Deposit and Withdrawal at Custodian Service" maintained by The Depository Trust Company, New York, New York, or any similar service maintained by a successor Securities Depository for the 1993 Series C Bonds.

"Existing Holder", "Existing Owner" or words of similar import, shall mean a Person who has signed a Master Purchaser's Letter and is listed as the Owner of Regular STARS or is listed as

the beneficial owner of Regular STARS in the records of the Auction Agent as of the preceding Auction Record Date.

"Free" shall mean, with respect to any transfer of STARS or STRIPES while they are in book-entry form with the Securities Depository, that such transfer is to be made whether or not any consideration agreed upon for such transfer has been paid.

"Hold Order" shall have the meaning specified in Section 2.04 of this Appendix.

"Index," on any date, shall mean (i) the rate published in The Bond Buyer as the 30-day tax-exempt Prime Commercial Paper Rate (A-1/P-1) or (ii) if no such rate is published in The Bond Buyer, the interest index selected by the Market Agent representing the weighted average of the yield on tax-exempt commercial paper, or tax-exempt bonds bearing interest at a commercial paper rate or pursuant to a commercial paper mode having a range of maturities or mandatory purchase dates between 25 and 36 days traded during the immediately preceding five Business Days.

"Interest Payment Date" shall mean each January 1 and July 1 of each year so long as 1993 Series C Bonds are Outstanding, commencing January 1, 1994.

"Linkage Request" shall mean a request to link Regular STARS and STRIPES or Special STARS and STRIPES by a Person who is an Existing Owner of Regular STARS or Special STARS and who is an Owner of STRIPES, which request shall be delivered by such Person's Broker-Dealer to the Auction Agent in substantially the form attached as Exhibit D to the Broker-Dealer Agreement.

"Linked," when used with respect to: (i) STARS, shall mean STARS the beneficial ownership of which has been linked with the beneficial ownership interest in an equal aggregate principal amount of STRIPES; and (ii) STRIPES, shall mean STRIPES the beneficial ownership of which has been linked with the beneficial ownership interest in an equal aggregate principal amount of Regular STARS or Special STARS.

"Linked STARS and STRIPES" on any date, shall mean STARS and STRIPES which are Linked and which were Linked at the close of business on the then current Rate Period, and the beneficial ownership of which is recorded under a separate CUSIP number at the Securities Depository.

"Linked Rate" shall mean 5.050% per annum computed on the basis of a 360-day year of twelve 30-day months.

"Lottery Date" shall have the meaning assigned to it in Section 9(j) of the 1993 Series C Resolution.

"Market Agent" shall mean Bear, Stearns & Co. Inc., together with any successor as market agent.

"Master Purchaser's Letter" shall mean a letter substantially in the form attached as Exhibit D to the Auction Agent Agreement addressed to a Broker-Dealer, among others, in which a Person agrees, among other things, to offer to purchase, to purchase, to offer to sell, to sell STARS, or any combination of the foregoing, as set forth in Articles II and III of this Appendix.

"Maximum Rate," on any date of determination, shall mean the interest rate per annum equal to:

the LESSER on such date of (1) the Applicable Percentage multiplied by the higher of (A) the After-Tax Equivalent Rate (as defined below) and (B) the Index; OR (2) the rate that for any Rate Period would, together with the Service Charge, produce a STRIPES Rate of zero percent per annum for such Rate Period;

provided, that if the ownership of the STARS is no longer maintained in book-entry form the Maximum Rate shall mean:

the LESSER of (x) such Applicable Percentage multiplied by the higher of (1) the After-Tax Equivalent Rate and (2) the Index OR (y) the rate that for any Rate Period would, together with the Service Charge, produce a STRIPES Rate of zero percent per annum for such Rate Period.

"Minimum Rate," on any date of determination, shall mean the interest rate per annum equal to:

the LOWER of 90% of (i) the Index OR (ii) the After-Tax Equivalent Rate: provided that in no event shall the Minimum Rate be more than the Maximum Rate. The percentage used to determine the Minimum Rate may be adjusted by the Market Agent to reflect a Change in Preference law, as described in Section 2.09 of this Appendix A.

"Moody's" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, for the purposes of this Appendix A, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the District by notice to the Trustee, the Auction Agent and the Broker-Dealers; provided, however, that such notice shall not be effective unless accompanied by a consent of a majority of the Broker-Dealers.

"Order" shall mean, as the context requires, a Hold Order, a Bid or a Sell Order.

"Owner" or "Holder" shall mean Bondholder (as defined in the Resolution).

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Potential Holder" or "Potential Owner" shall mean any Person, including any Existing Holder, (i) who shall have executed a Master Purchaser's Letter, and (ii) who may be interested in acquiring STARS or, in the case of an Existing Holder thereof, an additional principal amount of STARS.

"Prevailing Rating" shall mean:

(a) AAA/"Aaa", if the STARS have a rating of AAA by S&P and a rating of "Aaa" by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below;

(b) if not AAA/"Aaa", then AA/"Aa" if the STARS have a rating of AA or better by S&P and a rating of "Aa3" or better by Moody's or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below;

(c) if not AAA/"Aaa" or AA/"Aa", then A/"A" if the STARS have a rating of A- or better by S&P and a rating of "A3" or better by Moody's, or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below;

(d) if not AAA/"Aaa", AA/"Aa" or A/"A", then BBB/"Baa" if the STARS have a rating of BBB- or better by S&P and a rating of "Baa" or better by Moody's or the equivalent of such ratings by a substitute rating agency or agencies selected as provided below; and

(e) if not AAA/"Aaa", AA/"Aa", A/"A" or BBB/"Baa", then below BBB/"Baa", whether or not the STARS are rated by any securities rating agency.

The District will take all reasonable action necessary to enable at least two nationally recognized statistical rating agencies to provide ratings for the STARS. If (x) the STARS are rated by a nationally recognized statistical rating agency or agencies other than Moody's or S&P and (y) the District has delivered to the Trustee and the Auction Agent an instrument designating one or two

of such rating agencies to replace Moody's or S&P, or both, then for purposes of the definition of "prevailing rating" Moody's or S&P, or both, will be deemed to have been replaced in accordance with such instrument; provided, however, that such instrument must be accompanied by the consent of the Market Agent and no replacement may be made unless the rating agency that is being replaced no longer provides ratings on the District's obligations. For purposes of this paragraph, S&P's rating categories AAA, AA-, A- and BBB-, and Moody's rating categories of "Aaa", "Aa3", "A3" and "Baa3", refer to and include the respective rating categories correlative thereto in the event that either or both of such rating agencies have changed or modified their generic rating categories. If the prevailing ratings for the STARS are split between categories set forth above, the lower rating will determine the prevailing rating.

"Principal Office" with respect to the Auction Agent, the office thereof designated in writing to the District, the Trustee and each Broker-Dealer.

"Rate Period" shall mean the period from and including each Interest Payment Date to and including the day (whether or not a Business Day) preceding the next succeeding Interest Payment Date; provided, however, that the first Rate Period shall be the period from and including the Delivery Date to and including the day next preceding the first Interest Payment Date.

"Rating Agency" shall mean Moody's, if the 1993 Series C Bonds are then rated by Moody's, and S&P, if the 1993 Series C Bonds are then rated by S&P.

"Record Date" shall mean the fifteenth day of the month preceding an Interest Payment Date.

"Regular STARS" on any date, shall mean STARS which are not Linked and which are not Special STARS and the beneficial ownership of which is recorded under a separate CUSIP number at the Securities Depository.

"Request to Break Linkage" shall mean an Owner's request to break linkage of Linked STARS and STRIPES or Special Linked STARS and STRIPES, which shall be delivered by such Owner's Broker-Dealer to the Auction Agent in substantially the form attached as Exhibit E to the Broker-Dealer Agreement.

"S&P" shall mean Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, for the purposes of this Appendix A, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the District by

notice to the Trustee, the Auction Agent and the Broker-Dealers; provided, however, that such notice shall not be effective unless accompanied by a consent of a majority of the Broker-Dealers.

"Securities Depository" shall mean The Depository Trust Company or any substitute depository appointed pursuant to the provisions of Section 7 of the 1993 Series C Resolution.

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Sell Order" shall have the meaning specified in Section 2.04 of this Appendix.

"Service Charge" shall mean, with respect to each Rate Period, the sum of the Auction Agent Fee and the Broker-Dealer Fee payable out of the interest payable on the Regular STARS and Special Linked STARS and STRIPES on the Interest Payment Date immediately following such Rate Period.

"Special Linked STARS and STRIPES" on any date, shall mean STARS and STRIPES which are Linked, but which were not Linked at the close of business on the first day of the then current Rate Period, and the beneficial ownership of which is recorded under a separate CUSIP number at the Securities Depository.

"Special STARS" on any date, shall mean STARS which are not Linked, but which were Linked at the close of business on the first day of the then current Rate Period, and the beneficial ownership of which is recorded under a separate CUSIP number at the Securities Depository.

"STARS" shall mean the subseries of 1993 Series C Bonds maturing on January 1, 2011 and January 1, 2012, designated "Salt River Project Electric System Refunding Revenue Bonds, 1993 Series C, Short Term Adjustable Rate Securities (STARS)."

"STARS Rate" shall mean the rate of interest (computed on the basis of a 365/366-day year for the actual number of days elapsed) to be borne by the STARS for each Auction Period which shall be a rate of 2.80% per annum (plus the Service Charge of .028%) for the Auction Period commencing on the Delivery Date to and including December 1, 1993 and thereafter shall equal the sum of the Auction Rate for each Auction Period plus the Service Charge then in effect for such Auction Period, all as determined in accordance with Article II of this Appendix; provided, however, that if the Auction Agent shall have failed to determine the Auction Rate on any Auction Date (including without limitation in the circumstance where there is no Auction Agent or Broker-Dealer or because notice of a change in the percentages used to determine the Maximum Rate and the Minimum Rate has been delivered, and such change has not occurred), then the STARS Rate shall be the Maximum

Rate determined on the Auction Date plus the Service Charge then in effect; provided, further, if all of the STARS and STRIPES were Linked or are Special STARS on the Auction Record Date, then the STARS Rate shall be the Minimum Rate plus, in the case of Regular STARS and Special Linked STARS and STRIPES, the Service Charge then in effect; provided, further, if a failure to pay principal of or premium, if any, or interest on any Bond when due shall have occurred, the STARS Rate for any Auction Date occurring on or after the date on which such failure shall have occurred and on or prior to the date on which such failure shall have ceased to be continuing shall be the Default Rate for such Auction Date plus the Service Charge then in effect; and provided, further, in no event shall the STARS Rate exceed the rate that would produce a zero rate of interest for the STRIPES.

"STRIPES" shall mean the subseries of 1993 Series C Bonds maturing on January 1, 2011 and January 1, 2012, designated "Salt River Project Electric System Revenue Bonds, 1993 Series C, Short Term Rate Inverse Payment Exempt Securities (STRIPES)."

"STRIPES Rate" shall mean the rate of interest to be borne by the STRIPES for each Rate Period which shall be the per annum interest rate (calculated on the basis of a 360-day year consisting of twelve 30-day months) that results in the District paying an amount of interest on the STRIPES for such Rate Period equal to the difference between (x) the total amount of interest on all the STARS and STRIPES at the Linked Rate for such Rate Period (calculated on the basis of a 360-day year of twelve 30-day months) and (y) the interest payable on the STARS at the STARS Rate for such Rate Period. The STRIPES Rate may not be less than zero.

"Submission Deadline" shall mean 1:00 p.m., New York City time, on any Auction Date or such other time as shall be specified from time to time by the Auction Agent pursuant to the Auction Agent Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent.

"Submitted Bid" shall have the meaning specified in Section 2.06 of this Appendix.

"Submitted Hold Order" shall have the meaning specified in Section 2.06 of this Appendix.

"Submitted Order" shall have the meaning specified in Section 2.06 of this Appendix.

"Submitted Sell Order" shall have the meaning specified in Section 2.06 of this Appendix.

"Sufficient Clearing Bids", with respect to any Auction, shall mean the condition in which the aggregate principal amount of STARS that are the subject of Submitted Bids by Potential Owners

specifying one or more rates not higher than the Maximum Rate is not less than the sum of (A) the aggregate principal amount of STARS that are the subject of Submitted Bids by Existing Owners specifying rates higher than the Maximum Rate and (B) the aggregate principal amount of STARS that are the subject of Submitted Sell Orders (other than because all STARS are either subject to Submitted Hold Orders or were Linked STARS and STRIPES or Special Linked STARS and STRIPES.

"Tender Date" shall have the meaning for such term specified in Section 3.01(a) of this Appendix.

"Tender Demand" shall have the meaning for such term specified in Section 3.01(b) of this Appendix.

"Tender Notice" shall have the meaning for such term specified in Section 3.01(c) of this Appendix.

"Winning Bid Rate" shall mean the lowest rate specified in the Submitted Bids which, taking into account the rates in all Submitted Bids, would result in Existing Holders continuing to hold an aggregate principal amount of STARS which, when added to the principal amount of STARS to be purchased by Potential Holders would equal not less than the Available STARS.

ARTICLE II.

STARS AND STRIPES

SECTION 2.01 STARS Interest Rate and Service Charge.

(a) The STARS shall bear interest at the STARS Rate.

(b) The Auction Agent Fee Rate and the Broker-Dealer Fee Rate may be adjusted from time to time with the approval of the District and the Trustee upon a written request of the Auction Agent or a Broker-Dealer, as the case may be, delivered to the District and the Trustee. The District shall approve such a request, and shall direct the Trustee to act in accordance with such approval, if the District determines that the proposed Auction Agent Fee Rate or Broker-Dealer Fee Rate, as the case may be, equals the prevailing rate received by such entities for rendering comparable services to others. Any such approval by the District and the Trustee shall be in writing, shall be delivered to the Auction Agent and the Broker-Dealers and shall be binding upon the Owners of the STARS and STRIPES. The new Auction Agent Fee Rate or Broker-Dealer Fee Rate, as the case may be, shall become effective on the next succeeding Auction Date after its approval by the District and the Trustee and the delivery of notice to all Owners of STARS and STRIPES pursuant to the next sentence. The Auction Agent shall mail at its expense a notice of any change in the

Auction Agent Fee Rate or the Broker-Dealer Fee Rate to all Owners of the STARS and STRIPES at least six Business Days prior to the Submission Deadline for the Auction to which any such Fee is applicable.

(c) The Auction Agent Fee and the Broker-Dealer Fee are payable out of each interest payment on the Regular STARS and the Special Linked STARS and STRIPES. The Owner of each Regular STARS and Special Linked STARS and STRIPES by its acceptance thereof expressly consents to the deduction by the Trustee of the Service Charge from the interest payment to be paid to such Owners on each Interest Payment Date. The Owners of Linked STARS and STRIPES and of Special STARS are not obligated to pay the Service Charge to the Auction Agent and the Broker-Dealers and the Trustee shall make no deduction of the Service Charge with respect to the Linked STARS and STRIPES and Special STARS.

(d) The Auction Agent Fee and the Broker-Dealer Fee shall be payable at the times and in the manner as set forth in Sections 5.4 and 5.5 of the Auction Agreement. The Trustee shall have no obligation to pay any fee, expense, cost or liability of the Auction Agent or any Broker-Dealer, except to the extent of funds provided to it under, and authorized for such use pursuant to, the Resolution. The Auction Agent and each Broker-Dealer shall be required to take all actions required of them hereunder at their own expense and shall not be entitled to reimbursement of any expense, provision for such expense being included within the Auction Agent Fee and the Broker-Dealer Fee.

(e) Each Owner of STARS and STRIPES, by its acceptance thereof, acknowledges that, in the event the Service Charge is not deducted, but is paid to such Owner, in a case in which the Service Charge is owed, the Broker-Dealers (for themselves and on behalf of the Auction Agent) shall be entitled to collect such Service Charge from the Owner of the Regular STARS and Special Linked STARS and STRIPES who owe such Service Charge; provided, however, that notwithstanding Section 6.1 of the Auction Agreement and Section 35 of the 1993 Series C Resolution if the Service Charge is not so deducted the Auction Agent may resign on 30 days' advance written notice to the Trustee.

(f) To enable the Trustee to determine the Service Charge and the amount of interest payable on each Interest Payment Date on the STARS and STRIPES allocated to each of the five (5) CUSIP numbers therefor set forth in Section 2.03(c) hereof, the Auction Agent shall give the Trustee notice in writing as soon as practical after the Auction Date next preceding the Record Date of the aggregate principal amount of Regular STARS, Special STARS, Linked STARS and STRIPES, Special Linked STARS and STRIPES and STRIPES.

SECTION 2.02 STRIPES Interest Rate. The STRIPES shall bear interest at the STRIPES Rate. By its acceptance of any STRIPES, the Owners thereof shall be deemed to have acknowledged that it is possible for the STRIPES Rate to be 0% per annum.

SECTION 2.03 Linkage of STRIPES and STARS.

(a) Linkage. An Owner of STRIPES may link STRIPES with an equal principal amount of Regular STARS or Special STARS by purchasing such STRIPES and Regular STARS or Special STARS and requesting:

(i) its Direct Participant to deliver such STRIPES and Regular STARS or Special STARS Free by book-entry transfer using the DWAC Services from such Direct Participant's account at the Securities Depository into the Auction Agent's special account (No. 901) at the Securities Depository; and

(ii) its Broker-Dealer to deliver a Linkage Request to the Auction Agent.

The foregoing notwithstanding, STRIPES and Regular STARS or Special STARS may not be linked during a Closed Period. In addition, if at any time the STARS and STRIPES are no longer each represented by a global bond registered in the name of the Securities Depository or its nominee, STARS and STRIPES may not be Linked. Any Linked STARS and STRIPES and any Special Linked STARS and STRIPES will thereupon automatically become unlinked, and the Service Charge will be assessed against each STARS.

The interest rate paid with respect to Linked STARS and STRIPES shall be the Linked Rate.

The Auction Agent will redeliver Free by book-entry transfer using the DWAC Services to the account at the Securities Depository of the Direct Participant specified in the Linkage Request the resulting Special Linked STARS and STRIPES for Regular STARS and STRIPES and Linked STARS and STRIPES for Special STARS and STRIPES which will be recorded at the Securities Depository under the separate CUSIP number reserved for such securities as provided under paragraph (c) below.

Owners of Special STARS, Linked STARS and STRIPES and Special Linked STARS and STRIPES at the close of business on the Auction Record Date immediately preceding any Auction Date may not participate (as to such securities) in the Auction held on such Auction Date.

Linked STARS and STRIPES and Special Linked STARS and STRIPES may only be transferred as linked securities in minimum denominations of \$200,000 (\$100,000 principal amount of STRIPES and \$100,000 principal amount of STARS) and integral multiples thereof.

Special STARS, Linked STARS and STRIPES and Special Linked STARS and STRIPES are not subject to the Auction Procedures and therefore are not subject to the transfer restrictions set forth in the Master Purchaser's Letter. Special STARS will become subject to the Auction Procedures unless they are Linked prior to the next Rate Period and are therefore subject to the transfer restrictions set forth in the Master Purchaser's Letter.

(b) Breaking Linkage of STRIPES and STARS. An Owner of Linked STARS and STRIPES or Special Linked STARS and STRIPES may break such linkage at any time, other than during a Closed Period, by requesting:

(i) its Direct Participant to deliver such Linked STRIPES and STARS or Special Linked STARS and STRIPES Free by book-entry transfer using the DWAC Services from such Direct Participant's account at the Securities Depository into the Auction Agent's special account (No. 901) at the Securities Depository; and

(ii) its Broker-Dealer to deliver a Request to Break Linkage to the Auction Agent.

In addition, prior to the breaking of such linkage, unless already delivered, such Owner or its Broker-Dealer will be required to sign and deliver a Master Purchaser's Letter to the Auction Agent.

The Auction Agent will redeliver Free by book-entry transfer using the DWAC Services into the account at the Securities Depository of the Direct Participant specified in the Request to Break Linkage the resulting Special STARS and STRIPES for Linked STARS and STRIPES or Regular STARS and STRIPES for Special Linked STARS and STRIPES which will be recorded at the Securities Depository under the appropriate CUSIP numbers set forth in subsection (c) below.

The Existing Owner of Special STARS will receive interest on such Special STARS for the Rate Period during which such Special STARS have become unlinked from Linked STARS and STRIPES at the STARS Rate then in effect without any Service Charge deduction.

(c) CUSIP Numbers. The CUSIP numbers for the STRIPES, Regular STARS, Special STARS, Linked STARS and STRIPES and Special Linked STARS and STRIPES maturing on January 1, 2011 are as follows:

| | <u>CUSIP Number</u> |
|-------------------------------------|---------------------|
| STRIPEs | 79575D GJ3 |
| Regular STARS | 79575D GH7 |
| Special STARS | 79575D GL8 |
| Linked STARS and STRIPEs | 79575D GG9 |
| Special Linked STARS and STRIPEs | 79575D GK0 |

The CUSIP numbers for the STRIPEs, Regular STARS, Special STARS, Linked STARS and STRIPEs and Special Linked STARS and STRIPEs maturing on January 1, 2012, respectively, are as follows:

| | <u>CUSIP Number</u> |
|-------------------------------------|---------------------|
| STRIPEs | 79575D GP9 |
| Regular STARS | 79575D GN4 |
| Special STARS | 79575D GR5 |
| Linked STARS and STRIPEs | 79575D GM6 |
| Special Linked STARS and STRIPEs | 79575D GQ7 |

(d) Conversion of Special STARS and Special Linked STARS and STRIPEs. At least two Business Days prior to each Interest Payment Date, the Auction Agent shall send a notice to the Securities Depository and make available to the Securities Depository such other information as the Securities Depository may require in order to cause any Special STARS and Special Linked STARS and STRIPEs to become Regular STARS and Linked STARS and STRIPEs, respectively, as of the first day of the next succeeding Rate Period.

(e) Rejecting STARS and STRIPEs. If the Auction Agent receives a Linkage Request or a Request to Break Linkage and does not receive delivery Free of the related STRIPEs and STARS from the Direct Participant identified in such request prior to the beginning of the Closed Period next following the receipt thereof by the Auction Agent, the Auction Agent will reject such STARS and STRIPEs, thereby effecting the book-entry transfer of such STARS and STRIPEs from the special account of the Auction Agent at the Securities Depository into the account of such Direct Participant at the Securities Depository. As a result, the requested linkage or the requested breaking of linkage, as the case may be, will not be made.

SECTION 2.04 Orders by Existing Owners and Potential Owners. (a) Prior to the Submission Deadline on each Auction Date:

(i) each Existing Owner may submit to a Broker-Dealer, by telephone or by such other method as shall be reasonably

acceptable to such Broker-Dealer, information as to:

(A) Hold Order - indicating the principal amount of STARS, if any, that such Existing Holder desires to continue to hold without regard to the Auction Rate for the next Auction Period;

(B) Bid - indicating the principal amount of STARS, if any, that such Existing Holder offers to sell if the Auction Rate for the next Auction Period shall be less than the rate per annum specified in such Bid by such Existing Holder; and/or

(C) Sell Order - indicating the principal amount of STARS, if any, that such Existing Holder offers to sell without regard to the Auction Rate for the next Auction Period; and

(ii) Broker-Dealers may contact Potential Holders by telephone or otherwise to determine whether such Potential Holders desire to submit Bids, which will indicate the principal amount of STARS that they offer to purchase if the Auction Rate for the next Auction Period is not less than the rate per annum specified in such Bids.

(b)(i) A Bid by an Existing Owner shall constitute an irrevocable offer to sell:

(A) the principal amount of STARS specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be less than the rate specified therein; or

(B) such principal amount or a lesser principal amount of STARS to be determined as set forth in subsection (a)(iv) of Section 2.07 of this Appendix A if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate; or

(C) a lesser principal amount of STARS to be determined as set forth in subsection (b) (iii) of Section 2.07 of this Appendix A if such specified rate shall be higher than the Maximum Rate and Sufficient Clearing Bids do not exist.

(ii) A Sell Order by an Existing Owner shall constitute an irrevocable offer to sell:

(A) the principal amount of STARS specified in such Sell Order, or

(B) such principal amount or a lesser principal amount of STARS as set forth in subsection (b) (iii) of

Section 2.07 of this Appendix A if Sufficient Clearing Bids do not exist.

(iii) A Bid by a Potential Owner shall constitute an irrevocable offer to purchase:

(A) the principal amount of STARS specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of STARS as set forth in subsection (a)(v) of Section 2.07 of this Appendix A if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate.

(c) Anything contained herein to the contrary notwithstanding:

(i) for purposes of any Auction, any Bid or Sell Order by an Existing Owner that specifies STARS in a principal amount that is not \$100,000 or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Owner that specifies STARS in a principal amount that is not equal to \$100,000 or an integral multiple thereof shall be rejected;

(ii) for purposes of any Auction, any portion of an Order of an Existing Owner which relates to a STARS which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted;

(iii) for purposes of any Auction, no portion of a STARS which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available STARS;

(iv) the Auction Procedures shall be suspended during the period commencing on the date of the Auction Agent's receipt of notice from the Trustee in the form of Exhibit A hereto of a failure to pay principal of or premium, if any, or interest on any Bond when due but shall resume with the next Auction to occur on the next regularly scheduled Auction Date which occurs at least two Business Days after the Auction Agent receives a notice from the Trustee in the form of Exhibit B hereto that such failure has been waived or cured;

(v) Owners of Special STARS, Linked STARS and STRIPES

and Special Linked STARS and STRIPES are not Existing Owners for purposes of the Auction Procedures and may not participate in the Auction held on such Auction Date with respect to such STARS. An Existing Owner of Regular STARS who is also the Owner of Special STARS, Linked STARS and STRIPES or Special Linked STARS and STRIPES at the close of business on the immediately preceding Auction Record Date may not submit Orders in an Auction with respect to such Special STARS, Linked STARS and STRIPES or Special Linked STARS and STRIPES and such Special STARS, Linked STARS and STRIPES or Special Linked STARS and STRIPES will not be included in the aggregate principal amount of STARS held by such Existing Owner for the purposes of the Auction Procedures. If any Owner of Special STARS, Linked STARS and STRIPES or Special Linked STARS and STRIPES at the close of business on the immediately preceding Auction Record Date submits a Bid with respect to such Special STARS, Linked STARS and STRIPES or Special Linked STARS and STRIPES, such Bid will be invalid and the Auction Agent shall conduct the Auction Procedures as if such Order had not been submitted; and

(vi) the receipt of a Tender Notice with respect to a Regular STARS or Special STARS shall supersede any Order given by the Existing Owner of such STARS with respect to such STARS for the Auction occurring on the Auction Date following the Tender Date specified in such Tender Notice.

SECTION 2.05 Submission of Orders by Broker-Dealers to Auction Agent. (a) Each Broker-Dealer shall submit to the Auction Agent in writing or by such other method as shall be reasonably acceptable to the Auction Agent, prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer and specifying with respect to each Order:

- (i) the name of the Bidder placing such Order;
- (ii) the aggregate principal amount of STARS that are the subject of such Order;
- (iii) to the extent that such Bidder is an Existing Owner:
 - (A) the principal amount of STARS, if any, subject to any Hold Order placed by such Existing Owner;
 - (B) the principal amount of STARS, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and
 - (C) the principal amount of STARS, if any, subject to any Sell Order placed by such Existing Owner; and

(iv) to the extent such Bidder is a Potential Owner, the rate specified in such Bid.

The Auction Agent shall be entitled to rely upon the terms of any Order submitted to it by a Broker-Dealer.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If an Order or Orders covering all of the STARS held by an Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of STARS held by such Existing Owner and not subject to Orders submitted to the Auction Agent.

(d) If one or more Orders covering in the aggregate more than the principal amount of STARS held by any Existing Owner are submitted to the Auction Agent, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of STARS held by such Existing Owner;

(ii) (A) any Bid of an Existing Owner shall be considered valid as a Bid of an Existing Owner up to and including the excess of the principal amount of STARS held by such Existing Owner over the principal amount of STARS subject to Hold Orders referred to in paragraph (i) above;

(B) subject to clause (ii)(A), if more than one Bid with the same rate is submitted on behalf of such Existing Owner and the aggregate principal amount of STARS subject to such Bids is greater than such excess of the principal amount of STARS held by such Existing Owner over the principal amount of STARS subject to Hold Orders referred to in paragraph (i) above, such Bids shall be considered valid up to and including the amount of such excess;

(C) subject to clauses (A) and (B), if more than one Bid with different rates is submitted on behalf of such Existing Holder such Bids shall be considered valid in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(D) in any such event, the aggregate principal amounts of STARS, if any, subject to Bids not valid under subclauses A, B and C this clause (ii) shall be treated as the subject of

a Bid by a Potential Holder at the rate specified therein; and

(iii) all Sell Orders shall be considered valid but only up to and including the excess of the aggregate principal amount of STARS held by such Existing Holder over the aggregate principal amount of STARS subject to valid Hold Orders referred to in clause (i) and valid Bids by Existing Holders referred to in clause (ii) above.

(e) If more than one Bid is submitted on behalf of any Potential Owner, each Bid submitted shall be considered a separate Bid with the rate and the principal amount of STARS specified therein.

(f) None of the District, the Trustee, or the Auction Agent shall be responsible for or have any liability for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

(g) Any Bid submitted by an Existing Owner or a Potential Owner specifying a rate lower than the Minimum Rate shall be treated as a Bid specifying the Minimum Rate.

SECTION 2.06 Determination of STARS Rate. (a) Promptly after the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order" and collectively as "Submitted Orders") and shall determine: (i) the Available STARS, if any; (ii) whether there are Sufficient Clearing Bids; (iii) the Auction Rate; and (iv) the Service Charge.

(b) Promptly after the Auction Agent has made the determinations pursuant to subsection (a) above the Auction Agent shall advise the District and the Trustee by telephone (promptly confirmed in writing) or facsimile transmission of the Auction Rate and the Service Charge for the next succeeding Rate Period.

SECTION 2.07 Allocation of STARS. (a) If Sufficient Clearing Bids have been made:

(i) each Existing Holder that placed a Submitted Bid specifying a rate higher than the Winning Bid Rate shall sell the principal amount of STARS subject to such Submitted Bid;

(ii) each Existing Holder that placed a Submitted Bid specifying a rate lower than the Winning Bid Rate shall continue to hold the principal amount of STARS subject to such Submitted Bid;

(iii) each Potential Holder that placed a Submitted Bid specifying a rate lower than the Winning Bid Rate shall purchase the principal amount of STARS subject to each Submitted Bid;

(iv) each Existing Holder that placed a Submitted Bid specifying a rate equal to the Winning Bid Rate shall continue to hold the principal amount of STARS unless the aggregate principal amount of STARS subject to all such Submitted Bids is greater than the aggregate principal amount of Available STARS less the STARS accounted for in clause (a) and (c) above, in which event each Existing Holder with such a Submitted Bid shall continue to hold a principal amount of outstanding STARS subject to such Submitted Bid determined on a pro rata basis based on the aggregate principal amount of outstanding STARS subject to all such Submitted Bids by Existing Holders; and

(v) each Potential Holder that placed a Submitted Bid specifying a rate equal to the Winning Bid Rate shall purchase any Available STARS not accounted for in clauses (ii), (iii) and (iv) above on a pro rata basis based on the aggregate principal amount of outstanding STARS subject to all such Submitted Bids.

(b) If Sufficient Clearing Bids have not been made (unless all of the outstanding STARS are either subject to Submitted Hold Orders or all of the outstanding STARS were Linked with STRIPES at the close of business on the immediately preceding Auction Record Date) submitted orders will be accepted or rejected as follows:

(i) each Existing Holder that placed a Submitted Bid specifying a rate equal to or lower than the Maximum Rate shall purchase the principal amount of STARS subject to such Submitted Bid; and

(ii) each Potential Holder that placed a Submitted Bid specifying a rate equal to or lower than the Maximum Rate shall purchase the principal amount of STARS subject to such Submitted Bid; and

(iii) each Existing Holder that placed a Submitted Bid specifying a rate higher than the Maximum Rate or a Submitted Sell Order shall sell a principal amount of STARS determined on a pro rata basis on an aggregate principal amount of STARS subject to all such Submitted Bids and Submitted Sell Orders.

(c) If all the STARS were either subject to Submitted Hold Orders or were Linked to STRIPES or were Special STARS, the Auction Rate for the next Auction Period shall equal the Minimum Rate.

(d) If, as a result of the Auction Procedure, (i) any Existing Holder would be entitled or required to sell or (ii) any Potential Holder would be entitled or required to purchase, a principal amount of STARS that is not equal to \$100,000 or any integral multiple thereof, the Auction Agent shall, in such manner as it, in its sole discretion, shall determine, round up or down the principal amount of STARS being sold or purchased on such Auction Date so that the principal amount of STARS sold or purchased by each Existing Holder or Potential Holder shall be equal to \$100,000 or an integral multiple thereof even if such allocation results in one or more of such Potential Holders not purchasing STARS.

SECTION 2.08 Notice of Auction Rate. (a) On each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealer(s) that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the interest rate;

(iii) if such Broker-Dealer submitted a Bid or Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of the STARS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of the STARS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of the STARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of the STARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Broker-Dealer(s) (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of the STARS to be (x) purchased from one or more Existing Holders on whose behalf such other Broker-Dealer(s) submitted Bids or Sell Orders, or (y) sold to one or more Potential Holders on whose behalf such other Broker-Dealer(s) submitted Bids; and

(vi) the date of the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted

an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of the STARS to be purchased pursuant to such Bid against receipt of such principal amount of the STARS;

(iii) instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, or a Sell Order that was accepted, in whole or in part, to instruct such Bidder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of the STARS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the interest rate for the next succeeding Auction Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the date of the next succeeding Auction; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the date of the next succeeding Auction.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order shall allocate any funds received by it pursuant to paragraph (b)(ii) above, and any STARS received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids and the Existing Holders, if any, on whose behalf such Broker-Dealer(s) submitted Sell Orders identified to it by the Auction Agent pursuant to paragraph (a)(v) above.

(d) On the Business Day after the Auction Date, the Securities Depository shall execute the transactions described

above, debiting and crediting the accounts of the respective Agent Members as necessary to effect the purchases and sales of STARS as determined in the Auction.

SECTION 2.09 Miscellaneous Provisions Regarding Auctions. (a) The Market Agent may adjust the Applicable Percentage used in determining the Maximum Rate, the percentage used in determining the Minimum Rate and the percentage of the Index used in determining the Default Rate (the "Adjustable Percentages"), if any such adjustment is necessary, in the judgment of the Market Agent, to reflect any Change of Preference Law such that STARS paying the Maximum Rate, STARS paying the Minimum Rate and STARS paying the Default Rate shall have substantially equal market values as such STARS did before such Change of Preference Law. In making any such adjustment, the Market Agent shall take the following factors, as in existence both before and after such Change of Preference Law, into account:

(i) short-term taxable and tax-exempt market rates and indices of such short-terms rates;

(ii) the market supply and demand for short-term tax-exempt securities;

(iii) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the 1993 Series C Bonds;

(iv) general economic conditions; and

(v) economic and financial factors present in the securities industry that may affect or that may be relevant to the 1993 Series C Bonds.

(b) The Market Agent shall communicate its determination to adjust the Adjustable Percentages pursuant to subsection (a) of this Section 2.09 by means of a written notice delivered at least 10 days prior to the Auction Date on which the Market Agent desires to effect the changes to the District, the Trustee and the Auction Agent in substantially the form attached hereto as, or containing substantially the information contained, in Exhibit C hereto. Such notice shall be effective only if it is accompanied by an opinion of Bond Counsel to the effect that such adjustment is authorized by this Resolution, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Bonds of each series from gross income for Federal income tax purposes.

(c) An adjustment in the Adjustable Percentages shall take effect on an Auction Date only if:

(i) the Trustee and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day

immediately preceding such Auction Date, a certificate from the Market Agent by telecopy or similar means, in substantially the form attached hereto as, or containing substantially the information contained in, Exhibit D, (A) authorizing the adjustment of the Adjustable Percentages which shall be specified in such authorization, and (B) confirming that Bond Counsel expects to be able to give an opinion on or prior to such Auction Date to the effect that the adjustment in the Adjustable Percentages is authorized by this Section 2.09(a), is permitted under the Act and will not have an adverse effect on the exclusion of interest on the 1993 Series C Bonds of each series from gross income for Federal income tax purposes;

(ii) the Trustee shall not have delivered to the Auction Agent by 12:15 p.m., New York City time, on such Auction Date, notice that a Payment Default has occurred; and

(iii) the Trustee and the Auction Agent receive, by 9:30 a.m., New York City time, on such Auction Date, an opinion of Bond Counsel to the effect that the adjustment in the Adjustable Percentages is authorized by this Resolution, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the Bonds of each series from gross income for Federal income tax purposes.

If any of the conditions referred to in (b) or (c)(i) above is not met, the existing Adjustable Percentages shall remain in effect, and the rate of interest on STARS for the next succeeding Auction Period shall be determined in accordance with the Auction Procedures.

If the condition referred to in (c)(ii) or (c)(iii) is not met, the existing Adjustable Percentages shall remain in effect, and the rate of interest on STARS for the next succeeding Auction Period shall be the Maximum Rate plus the Service Charge Rate.

(d) As provided in Section 7 of the 1993 Series C Resolution, the Trustee, the District and the other Persons specified in such Section 7 are entitled to treat the Owner of each 1993 Series C Bond (including the Securities Depository as to any 1993 Series C Bonds registered in the name thereof) as the owner of 1993 Series C Bonds for all purposes. Neither the Trustee nor the District shall have any duty or responsibility to recognize the beneficial ownership rights of a Person who has acquired a beneficial interest in a 1993 Series C Bond registered in the name of the Securities Depository. The procedures established by the Securities Depository, the Auction Agent and the Broker-Dealers for trading, exchanging and registering beneficial ownership interests in the 1993 Series C Bonds shall be implemented by such Persons consistent with the terms of the relevant agreements. It is intended that, to

the extent consistent with such agreements, the rights granted in Article II and in Article III of this Appendix to the Owners of STARS and STRIPES, may be exercised by owners of beneficial interest in such securities. To that extent, each reference in the description of the Auction Procedures to the purchase, sale or holding of "STARS and STRIPES" shall refer to beneficial interests in STARS and STRIPES, unless the context clearly requires otherwise.

(e) The Auction Agent is required to maintain a list of Existing Owners. The Auction Agent may rely upon, as evidence of the identities of the Existing Owners, (i) a list of the initial Existing Owners provided by the Broker-Dealers, (ii) the results of Auctions, (iii) notices from the Broker-Dealer of any Existing Owner with respect to such Existing Owner's transfer of STARS to another Person only if such transfer is made to a Person that has delivered a signed Master Purchaser's Letter to the Auction Agent and if (A) such transfer is pursuant to an Auction or (B) the STARS to be transferred are Special STARS or (c) the Auction Agent has been notified in writing (x) by such Broker-Dealer of such transfer or (y) by a Broker-Dealer of any Person that purchased or sold such STARS in an Auction of the failure of such STARS to be transferred as a result of the Auction, and (iv) notices from the Securities Depository regarding the results of mandatory tenders and the results of linkage and the breaking of linkage of STARS and STRIPES. The Auction Agent will not be required to accept any notice delivered after the close of business on the Auction Record Date.

(f) If there shall be any change in the Prevailing Rating of the STARS at any time, the District shall supply to the Auction Agent by facsimile transmission prior to 9:00 a.m., New York City time, on the first Auction Date following such change, the new Prevailing Rating of the STARS.

(g) The provisions of this Appendix A, including, without limitation, the mandatory tender provisions and the definitions applicable thereto, the definitions contained in Article I, including, without limitation, Auction Rate, Default Rate, Maximum Rate, Minimum Rate, Applicable Percentage, and Index may be amended by the District (i) by obtaining a Counsel's Opinion to the effect that the same does not materially adversely affect the rights of any Owners of STARS or STRIPES or (ii) by obtaining the consent of the Owners of all STARS and STRIPES or, in the event that all of the STARS and STRIPES are Linked STARS and STRIPES, by obtaining the consent of the Owners of at least 51% in aggregate principal amount of the Linked STARS and STRIPES. In the second event, the Trustee shall mail notice thereof to the Owners of the STARS and the STRIPES. If on the first Auction Date occurring at least 40 days after the date on which the Trustee mailed such notice to the Owners of the STARS and STRIPES, Sufficient Clearing Bids have been received or all of the STARS are subject to

Submitted Hold Orders, the proposed amendment shall be deemed to have been consented to by the Owners of all STARS. As a condition precedent to any amendment of this Appendix A referred to in this paragraph (d), there shall be delivered to the Trustee and the District an opinion of nationally recognized bond counsel to the effect that such amendment will not adversely affect the validity of the STARS or STRIPES or any exemption from gross income for Federal income tax purposes to which the interest on the STARS and STRIPES would otherwise be entitled. Written notice of each such amendment shall be delivered by the District to the Trustee, the Auction Agent and each Broker-Dealer.

(h) Pursuant to the Market Agent Agreement, by and between the Trustee and the Market Agent, the Trustee, acting at the written direction of the holders of 66 2/3% of the aggregate principal amount of the STARS and the STRIPES then Outstanding, may remove the Market Agent at any time.

ARTICLE III.

TENDER OF STARS

SECTION 3.01 Mandatory Tender of STARS. (a) Any Owner of STRIPES may, at any time and from time to time, notify a Broker-Dealer that such Owner desires to purchase a specified principal amount of STARS at par plus accrued interest on a Business Day (except during a Closed Period) not less than ten Business Days after receipt by the Broker-Dealer of such notice (a "Tender Date") in order to link the same with such Owner's STRIPES. Such Broker-Dealer shall, on behalf of such Owner, require through the Securities Depository that STARS be tendered to such Owner for purchase and linkage on the Tender Date at a price equal to the principal amount of STARS being purchased plus accrued and unpaid interest to the Tender Date less, in the event the Regular STARS are purchased, the amount of the Service Charge for the period to the Tender Date, in the manner and with the effect set forth in paragraphs (b) through (e) of this Section 3.01.

(b) Such Broker-Dealer is to give the Securities Depository and the Auction Agent written notice (a "Tender Demand") of such tender stating that such STRIPES Owner is the Owner of a specified amount of STRIPES and that such Owner wishes to purchase an equal principal amount of STARS on the Tender Date for linkage with such STRIPES. Any Tender Demand shall be given to the Securities Depository and the Auction Agent no later than the Business Day following receipt by the Broker-Dealer of the notice from the Owner of the STRIPES referred to in the preceding paragraph (a).

(c) On the second Business Day following the day of the Securities Depository's receipt of a Tender Demand, the Securities Depository is to select the STARS to be tendered on such Tender Date by lot from all Regular STARS and Special STARS and give the Direct Participant and the Auction Agent written notice (a "Tender Notice") thereof specifying the Tender Date, the amount of STARS to be tendered by such STARS Owner or Owners on the Tender Date and

the purchase price. Such Tender Notice shall be mailed to such Direct Participant and the Auction Agent by first class mail, postage prepaid, no later than the second Business Day following the day of the Securities Depository's receipt of such Tender Demand. If a Tender Notice is not received prior to the Auction Date next succeeding the date the Tender Notice is given and the then Existing Owner is not the Owner of the Regular STARS or Special STARS selected by the Securities Depository after the Auction, then the prior notice will be rescinded and a new selection and notice will be given by the Securities Depository.

(d) The Securities Depository is to deliver the STARS specified in the Tender Notice against payment by the Broker-Dealer by book-entry transfer on the Tender Date to the account of the Broker-Dealer without any action on the part of or on behalf of the Owner or Owners of the STARS. Upon receipt of such Stars on the Tender Date, the Broker-Dealer is to deliver such STARS against payment therefor by book-entry transfer to the account of the Direct Participant specified by the STRIPES Owner if such Direct Participant is not such Broker-Dealer. On such Tender Date the Owner of such STRIPES is obligated to forward such purchase price to the Direct Participant of such STRIPES Owner by wire transfer. Upon such purchase, the STRIPES specified in such Tender Demand and the STARS specified in such Tender Notice will become Special Linked STARS and STRIPES.

(e) The giving of a Tender Notice shall supersede any order given by the Existing Owners of the STARS specified therein with respect to the Auction occurring on the Auction Date following the Tender Date specified in such Tender Notice.

EXHIBIT A
(TO APPENDIX A)

SALT RIVER PROJECT
ELECTRIC SYSTEM REFUNDING REVENUE BONDS, 1993 SERIES C
\$36,700,000 SHORT TERM ADJUSTABLE RATE SECURITIES (STARS)

AND

SALT RIVER PROJECT
ELECTRIC SYSTEM REFUNDING REVENUE BONDS, 1993 SERIES C
\$36,700,000 SHORT TERM RATE INVERSE PAYMENT EXEMPT SECURITIES
(STRIPES)

NOTICE OF FAILURE TO PAY

NOTICE IS HEREBY GIVEN that a failure to pay the principal of and premium, if any, and interest on any Bond when due currently exists with respect to the above-captioned issue. The next Auction will not be held. The interest rate for the next succeeding Auction Period shall equal the Default Rate for such Auction Period and for all succeeding Auction Periods until such failure is cured or waived.

Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Salt River Project Agricultural Improvement and Power District (the "District") resolution entitled "Resolution Concerning Revenue Bonds", dated as of November 1, 1972, as supplemented and amended, including as supplemented and amended by the resolution of the District dated October 14, 1993.

By: _____

EXHIBIT B
(TO APPENDIX A)

SALT RIVER PROJECT
ELECTRIC SYSTEM REFUNDING REVENUE BONDS, 1993 SERIES C
\$36,700,000 SHORT TERM ADJUSTABLE RATE SECURITIES (STARS)

AND

SALT RIVER PROJECT
ELECTRIC SYSTEM REFUNDING REVENUE BONDS, 1993 SERIES C
\$36,700,000 SHORT TERM RATE INVERSE PAYMENT SECURITIES (STRIPES)

NOTICE OF CURE OF FAILURE TO PAY

NOTICE IS HEREBY GIVEN that the failure to pay the principal of and premium, if any, and interest on any Bond when due with respect to the above-captioned issue has been cured. The Default Rate shall remain in effect until _____. The Auction Procedures shall resume with the Auction which occurs on _____. The next Interest Payment Date is _____.

Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Salt River Project Agricultural Improvement and Power District (the "District") resolution entitled "Resolution Concerning Revenue Bonds", dated as of November 1, 1972, as supplemented and amended, including as supplemented and amended by the resolution of the District, dated October 14, 1993.

By: _____

EXHIBIT C
(TO APPENDIX A)

SALT RIVER PROJECT
ELECTRIC SYSTEM REFUNDING REVENUE BONDS, 1993 SERIES C
\$36,700,000 SHORT TERM ADJUSTABLE RATE SECURITIES (STARS)

NOTICE OF PROPOSED CHANGE IN PERCENTAGES
USED IN DETERMINATION OF THE MINIMUM RATE,
THE MAXIMUM RATE AND THE DEFAULT RATE

NOTICE IS HEREBY GIVEN that Bear Stearns & Co. Inc., as Market Agent for the above-captioned issue, proposes to change the percentage used to determine the Minimum Rate, the Applicable Percentages used to determine the Maximum Rate and the percentage of the Index used to determine the Default Rate (the "Adjustable Percentages") to reflect a Change of Preference Law in accordance with the Salt River Project Agricultural Improvement and Power District (the "District") resolution entitled "Resolution Concerning Revenue Bonds", dated as of November 1, 1972, as supplemented and amended by the resolution of the District, dated October 14, 1993 (collectively, the "Resolution"). Assuming the conditions set forth below are met, such change will be effective on _____, the next succeeding Auction Date. Accompanying this notice is the opinion of Bond Counsel required by Section 2.09 of Appendix A to the Resolution. Capitalized terms not otherwise defined herein are used as defined in the Resolution.

[Insert a description of the changes in the percentages]

An adjustment in the Adjustable Percentages shall take effect only if:

(i) the Trustee and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day immediately preceding such Auction Date, a certificate from the Market Agent by telecopy or similar means (A) authorizing the adjustment in the Adjustable Percentages which shall be specified in such authorization, and (B) confirming that Bond Counsel, expects to be able to give an opinion on the Effective Date to the effect that the adjustment in the percentages is authorized by Section 2.09 of Appendix A to the Resolution, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the 1993 Series C Bonds from gross income for Federal income tax purposes;

(ii) the Trustee shall not have delivered to the Auction Agent by 12:15 p.m., New York City time, on such Auction Date notice that a Payment Default has occurred; and

(iii) the Trustee and the Auction Agent receive by 9:30 a.m., New York City time, on such Auction Date, an opinion of _____, Bond Counsel, to the effect

that the adjustment in the Adjustable Percentages is authorized by Section 2.09 of Appendix A to the Resolution, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the 1993 Series C Bonds of each series from gross income for Federal income tax purposes.

EXHIBIT D
(TO APPENDIX A)

SALT RIVER PROJECT
ELECTRIC SYSTEM REFUNDING REVENUE BONDS, 1993 SERIES C
\$36,700,000 SHORT TERM ADJUSTABLE RATE SECURITIES (STARS)

NOTICE OF PROPOSED CHANGE IN PERCENTAGES
USED IN DETERMINATION OF THE MINIMUM RATE,
THE MAXIMUM RATE AND THE DEFAULT RATE

NOTICE IS HEREBY GIVEN that Bear Stearns & Co. Inc., as Market Agent for the above-captioned issue, hereby authorizes the adjustment in the percentage used to determine the Maximum Rate, the Applicable Percentage used to determine the Maximum Rate, and the percentage of the Index used to determine the Default Rate (the "Adjustable Percentages") to reflect a Change of Preference Law as set forth in its notice dated _____, ____.

[Insert a description of the changes in the percentages]

Notice is also hereby given that the Market Agent has obtained confirmation that _____, Bond Counsel, expects to be able to give its opinion pursuant to Section 2.09 of Appendix A to the Resolution to the effect that the adjustment in the percentages authorized by Section 2.09 of Appendix A to the Resolution, is permitted under the Act and will not have an adverse effect on the exclusion of interest on the 1993 Series C Bonds of each series from gross income for Federal tax purposes.

BEAR STEARNS & CO. INC., as
Market Agent

By: _____

APPENDIX B

[FORM OF FIXED RATE 1993 SERIES C BOND]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Resolutions referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Resolutions to the contrary, a portion of the principal amount of this bond may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC of this bond may not rely upon the principal amount indicated hereon as the principal amount hereof outstanding and unpaid. The principal amount hereof outstanding and unpaid shall for all purposes be the amount determined in the manner provided in the Resolutions.

Number

UNITED STATES OF AMERICA

\$

STATE OF ARIZONA
COUNTY OF MARICOPA

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

SALT RIVER PROJECT ELECTRIC SYSTEM
REFUNDING REVENUE BOND, 1993 SERIES C (FIXED RATE)

| <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Dated Date</u> | <u>Cusip</u> |
|----------------------|----------------------|-------------------|--------------|
| | | October 1, 1993 | |

Registered Owner:

Principal Sum:

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, Maricopa County, Arizona (herein called the "District"),

a political subdivision and body politic and corporate organized and existing under the Constitution and laws of the State of Arizona, acknowledges itself indebted to, and for value received hereby promises to pay, solely from the revenues and special funds of the District pledged therefor as hereinafter provided, to the registered owner identified above or registered assigns, on the maturity date set forth above, upon presentation and surrender of this Bond at the principal office of First Interstate Bank of Arizona, N.A., Phoenix, Arizona, or Bank of Montreal Trust Company, New York, New York (such banks and any successors thereto being herein called the "Paying Agents"), at the option of the registered owner, the principal sum set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts, and to pay solely from such revenues and special funds pledged therefor to the registered owner hereof interest on such principal sum from the dated date set forth above or from the most recent interest payment date to which interest has been paid or duly provided for, at the interest rate shown above per annum, payable by check or draft mailed by the Trustee (hereinafter defined), on the first days of January and July (beginning January 1, 1994) in each year to the person in whose name this Bond is registered as of the close of business on the immediately preceding December 15 or June 15 until the District's obligation with respect to the payment of such principal sum shall be discharged.

This Bond is one of a duly authorized series of Bonds of the District in the aggregate principal amount of \$726,380,000 designated as its "Salt River Project Electric System Refunding Revenue Bonds, 1993 Series C" (herein called the "1993 Series C Bonds"), issued for the principal purpose of refunding outstanding Electric System Revenue Bonds pursuant to the Constitution and laws of the State of Arizona, including Article 7, Chapter 17, Title 48 of the Arizona Revised Statutes (herein called the "Act"), and under and pursuant to a resolution of the Board of Directors of the District, dated as of November 1, 1972, entitled "Resolution Concerning Revenue Bonds", as amended, and a resolution of the Board of Directors of the District, dated as of October 14, 1993, entitled "Resolution Authorizing The Issuance And Sale of \$726,380,000 Salt River Project Electric System Refunding Revenue Bonds, 1993 Series C" (herein collectively called the "Resolutions"). Each capitalized term not defined herein shall have the meaning set forth in the Resolutions. As provided in the Resolutions, the 1993 Series C Bonds, and the outstanding Electric System Revenue Bonds heretofore issued pursuant to the Resolution Concerning Revenue Bonds, as to principal or Redemption Price thereof and interest thereon are payable from and secured by a pledge of the revenues of the District's Electric System referred to in the Resolutions and other funds held or set aside under the Resolutions. Such pledge is subject and subordinate in all respects to the payment of operating expenses and to the prior pledge of such revenues to the repayment of certain federal loan

agreements heretofore or hereafter entered into by the District. Copies of the Resolutions are on file at the office of the District and at the principal office of First Interstate Bank of Arizona, N.A., Phoenix, Arizona, as Trustee under the Resolutions, or its successor as Trustee (herein called the "Trustee"), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder.

The 1993 Series C Bonds are being issued by means of a book-entry system, with no physical distribution of bond certificates to be made except as provided in the Resolutions. One bond certificate for each \$150,000,000 aggregate principal amount or portion thereof for each maturity, registered in the name of the Securities Depository Nominee, is being issued for deposit with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the 1993 Series C Bonds by the Securities Depository's participants; beneficial ownership of the 1993 Series C Bonds, in the principal amount of \$5,000 or any integral multiple thereof, shall be evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The District and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including payments of principal of, Redemption Price and interest on, this Bond, notices and voting. Transfers of principal, interest and any Redemption Price payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfers of principal, interest and any Redemption Price payments to beneficial owners of the 1993 Series C Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The District will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding any provisions herein contained to the contrary, payments of principal of, Redemption Price and interest on this Bond shall be made in accordance with existing arrangements among the Trustee, the District and the Securities Depository.

This 1993 Series C Bond is transferable as provided in the Resolutions; provided, however, that such transfer may be made only upon books kept for that purpose at the above mentioned office

of the Trustee and at the office of any Paying Agent then acting as agent of the Trustee for such purpose, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this 1993 Series C Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond or Bonds, in authorized denominations and for the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon payment of the charges therein prescribed. The District and the Trustee may deem and treat the person in whose name this 1993 Series C Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

The Fixed Rate Bonds are issuable in the form of registered Bonds in the denomination of \$5,000 or any integral multiple of \$5,000. The 1993 Series C Bonds, upon surrender thereof at the corporate trust office of the Trustee or at the office of any Paying Agent then acting as agent for the Trustee for such purpose at the option of the registered owner thereof, may be exchanged for an equal aggregate principal amount of 1993 Series C Bonds of any other authorized denomination, of the same stated maturity, in the same manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions.

Neither the Trustee nor any agent of the Trustee shall be obligated to register the transfer or exchange of any 1993 Series C Bond during the 15 days preceding the date on which notice of redemption of a 1993 Series C Bond is to be given on any 1993 Series C Bond that has been called for redemption except the unredeemed portion of any 1993 Series C Bond being redeemed in part.

As provided in the Resolutions, Bonds of the District may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Resolution Concerning Revenue Bonds is not limited except as provided in the Resolution Concerning Revenue Bonds, and all Bonds heretofore issued and to be issued under the Resolution Concerning Revenue Bonds are and will be equally secured by the pledge and covenants made therein.

The Fixed Rate Bonds maturing on January 1, 2013 and January 1, 2016 are subject to redemption prior to maturity, upon random selection within a maturity by the Trustee, upon notice as hereinafter provided by operation of the Debt Service Fund established under the Resolutions to satisfy Sinking Fund Installments, on and after January 1, 2012 in the case of the Fixed

Rate Bonds maturing on January 1, 2013 and on and after January 1, 2014 in the case of the Fixed Rate Bonds maturing on January 1, 2016, in each case at 100% of the principal amount of Fixed Rate Bonds to be redeemed, together with accrued interest up to but not including the redemption date. The Sinking Fund Installments may be satisfied by the District delivering to the Trustee, no later than 45 days in advance of the date of such Sinking Fund Installment, Fixed Rate Bonds of such maturities theretofore purchased or redeemed by the District otherwise than by operation of the sinking fund redemption described herein.

The Fixed Rate Bonds maturing on January 1, 2008, January 1, 2013 and January 1, 2016 are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, 2004, upon notice as hereinafter provided, as a whole or in part by random selection by the Trustee within a maturity from maturities selected by the District, at the respective Redemption Prices (expressed as percentages of the principal amount of the Fixed Rate Bonds or portions thereof to be redeemed) set forth below, in each case together with accrued interest up to but not including the redemption date.

| <u>Period During Which Redeemed</u> <u>(both dates inclusive)</u> | <u>Redemption Price</u> |
|--|-------------------------|
| January 1, 2004 through December 31, 2004 | 102% |
| January 1, 2005 through December 31, 2005 | 101 |
| January 1, 2006 and thereafter | 100 |

The Fixed Rate Bonds maturing on January 1, 2017 are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, 2004, upon notice as hereinafter provided, as a whole or in part by random selection by the Trustee within such maturity, at 100% of the principal amount to be redeemed together with accrued interest up to but not including the redemption date.

The Fixed Rate Bonds maturing on January 1, 1995 through January 1, 2007, inclusive, January 1, 2009 and January 1, 2010 are not subject to redemption prior to maturity.

Notice of redemption shall be published once a week for at least two successive weeks in the Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to the redemption date and shall be mailed to the registered owners of the Bonds not less than 25 days nor more than 50 days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Resolutions. However, if at the time of giving notice of redemption, no 1993 Series C Bonds are outstanding except registered 1993 Series C Bonds, publication of such notice is not required. If notice of redemption shall have been published and/or mailed as aforesaid, the 1993 Series C Bonds

or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 1993 Series C Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This 1993 Series C Bond shall not be entitled to any benefit under the Resolutions or be valid or become obligatory for any purpose until this 1993 Series C Bond shall have been authenticated by the manual signature of a duly authorized signatory of the Trustee or its duly authorized agent on the Certificate of Authentication.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this 1993 Series C Bond, exist, have happened and have been performed and that the 1993 Series C Bonds, together with all other indebtedness of the District, are within every debt and other limit prescribed by the laws of the State of Arizona.

IN WITNESS WHEREOF, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, by authority of the Act, has caused this 1993 Series C Bond to be executed by the facsimile signature of its President or Vice President thereunto duly authorized and the corporate seal of said District or facsimile thereof to be hereunto affixed and attested by the facsimile signature of its Secretary or Assistant Secretary, all as of October 1, 1993.

(SEAL)

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER
DISTRICT

Attest:

By _____
President

By _____
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolutions mentioned within.

DATED: October 28, 1993

First Interstate Bank of
Arizona, N.A., as Trustee

By _____
Authorized Representative

The undersigned Secretary of the Salt River Project Agricultural Improvement and Power District hereby certifies that the following is a full, true and correct copy of the original legal opinion of Mudge Rose Guthrie Alexander & Ferdon, as to the validity and security of the Series of Bonds of which the within Bond is one, dated as of the date of delivery of said Bonds and delivered as of said date.

Secretary

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE, ADDRESS AND SOCIAL SECURITY NUMBER OR OTHER FEDERAL TAX IDENTIFICATION NUMBER OF TRANSFEREE

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed by:

Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

APPENDIX C

[FORM OF 1993 SERIES C BOND: STARS]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Resolutions referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Resolutions to the contrary, a portion of the principal amount of this bond may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC of this bond may not rely upon the principal amount indicated hereon as the principal amount hereof outstanding and unpaid. The principal amount hereof outstanding and unpaid shall for all purposes be the amount determined in the manner provided in the Resolutions.

Number

\$

UNITED STATES OF AMERICA

STATE OF ARIZONA

COUNTY OF MARICOPA

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

SALT RIVER PROJECT ELECTRIC SYSTEM
REFUNDING REVENUE BOND, 1993 SERIES C
SHORT TERM ADJUSTABLE RATE SECURITY (STARS)

| <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Dated Date</u> | <u>Cusip</u> |
|-----------------------------------|----------------------|-------------------|--------------|
| STARS Rate (as herein defined) | | October 28, 1993 | |

Registered Owner: CEDE & CO.

Principal Sum:

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER
DISTRICT, Maricopa County, Arizona (herein called the "District"),

a political subdivision and body politic and corporate organized and existing under the Constitution and laws of the State of Arizona, acknowledges itself indebted to, and for value received hereby promises to pay, solely from the revenues and special funds of the District pledged therefor as hereinafter provided, to the registered owner identified above or registered assigns, on the maturity date set forth above, upon presentation and surrender of this Bond at the principal office of First Interstate Bank of Arizona, N.A., Phoenix, Arizona, or Bank of Montreal Trust Company, New York, New York (such banks and any successors thereto being herein called the "Paying Agents"), at the option of the registered owner, the principal sum set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts, and to pay solely from such revenues and special funds pledged therefor to the registered owner hereof interest on such principal sum from the dated date set forth above or from the most recent interest payment date to which interest has been paid or duly provided for, at the initial STARS Rate (as herein defined) to and including December 1, 1993 and thereafter at the STARS rate determined in the manner described herein, payable by check or draft mailed by the Trustee (hereinafter defined), on each Interest Payment Date (as herein defined) to the person in whose name this Bond is registered as of the close of business on the Record Date (as herein defined) until the District's obligation with respect to the payment of such principal sum shall be discharged.

This Bond is one of a duly authorized subseries of Bonds of the District in the aggregate principal amount of \$36,700,000 designated as its "Salt River Project Electric System Refunding Revenue Bonds, 1993 Series C, Short Term Adjustable Rate Securities (STARS)" (herein called the "STARS"), issued for the principal purpose of refunding outstanding Electric System Revenue Bonds pursuant to the Constitution and laws of the State of Arizona, including Article 7, Chapter 17, Title 48 of the Arizona Revised Statutes (herein called the "Act"), and under and pursuant to a resolution of the Board of Directors of the District, dated as of November 1, 1972, entitled "Resolution Concerning Revenue Bonds", as amended, and a resolution of the Board of Directors of the District, dated as of October 14, 1993, entitled "Resolution Authorizing The Issuance And Sale of \$726,380,000 Salt River Project Electric System Refunding Revenue Bonds, 1993 Series C", including without limitation Appendix A thereto (herein collectively called the "Resolutions"). Each capitalized term not defined herein shall have the meaning set forth in the Resolutions. As provided in the Resolutions, the outstanding Electric System Revenue Bonds heretofore issued pursuant to the Resolution Concerning Revenue Bonds, as to principal or redemption price thereof and interest thereon and the STARS, as to principal or redemption price thereof and interest thereon, are payable from and secured by a pledge of the revenues of the District's Electric System referred to in the Resolutions and other funds held or set

aside under the Resolutions. Such pledge is subject and subordinate in all respects to the payment of operating expenses and to the prior pledge of such revenues to the repayment of certain federal loan agreements heretofore or hereafter entered into by the District. Copies of the Resolutions are on file at the office of the District and at the principal office of First Interstate Bank of Arizona, N.A., Phoenix, Arizona, as Trustee under the Resolutions, or its successor as Trustee (herein called the "Trustee"), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder.

THE STARS RATE, THE METHOD OF DETERMINING THE STARS RATE AND THE AUCTION DATES AND AUCTION PROCEDURES RELATED THERETO WILL BE DETERMINED UPON THE TERMS AND CONDITIONS, INCLUDING REQUIRED NOTICES THEREOF TO THE OWNERS AND BENEFICIAL OWNERS, DESCRIBED IN THE RESOLUTIONS TO WHICH PROVISIONS SPECIFIC REFERENCE IS HEREBY MADE AND ALL OF WHICH PROVISIONS ARE HEREBY SPECIFICALLY INCORPORATED HEREIN BY REFERENCE.

The STARS are being issued by means of a book-entry system, with no physical distribution of bond certificates to be made except as provided in the Resolutions. One bond certificate for STARS of each maturity, up to \$150,000,000 aggregate principal amount or portion thereof, registered in the name of the Securities Depository Nominee, is being issued for deposit with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the STARS by the Securities Depository's participants; beneficial ownership of the STARS, in the principal amount of \$100,000 or any integral multiple thereof, shall be evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. Except as set forth in the Resolutions, the District and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including payments of principal of, redemption price and interest on, this Bond, notices and voting. Transfers of principal, interest and any redemption price payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfers of principal, interest and any redemption price payments to beneficial owners of the STARS by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The District will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities

Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding any provisions herein contained to the contrary, payments of principal of, redemption price and interest on this Bond shall be made in accordance with existing arrangements among the Trustee, the District and the Securities Depository.

This Bond is transferable as provided in the Resolutions; provided, however, that such transfer may be made only upon books kept for that purpose at the above mentioned office of the Trustee and at the office of any Paying Agent then acting as agent of the Trustee for such purpose, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond, in authorized denominations and for the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon payment of the charges therein prescribed. The District and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and, except as set forth in the Resolutions, for all other purposes.

The STARS are issuable in the form of registered Bonds in the denomination of \$100,000 or any integral multiple of \$100,000. The STARS, upon surrender thereof at the corporate trust office of the Trustee or at the office of any Paying Agent then acting as agent for the Trustee for such purpose at the option of the registered owner thereof, may be exchanged for an equal aggregate principal amount of STARS of any other authorized denomination, of the same stated maturity, in the same manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions.

Neither the Trustee nor any agent of the Trustee shall be obligated to register the transfer or exchange of any STARS during a Closed Period except the unredeemed portion of any STARS being redeemed in part and STARS subject to mandatory tender.

As provided in the Resolutions, Bonds of the District may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Resolution Concerning Revenue Bonds is not limited except as provided in the Resolution Concerning Revenue Bonds, and all Bonds heretofore issued and to be issued under the Resolution Concerning Revenue Bonds are and will be equally secured

by the pledge and covenants made therein.

The STARS shall bear interest for each Rate Period at the STARS Rate, which will be computed on the basis of a 365/366 day year for the actual number of days elapsed. The STARS Rate to be borne by the STARS from the date of initial delivery to and including December 1, 1993 shall be a rate of 2.80% per annum plus a Service Charge of 0.28% per annum. Thereafter the STARS shall bear interest at the STARS RATE which, except as provided below, shall equal the sum of the Auction Rate determined on each Auction Date during each Rate Period plus the Service Charge then in effect on each such Auction Date, all as determined in accordance with the Resolutions. Notwithstanding the foregoing, (i) if the Auction Agent shall have failed to determine the Auction Rate on any Auction Date (including without limitation in the circumstance where there is no Auction Agent or Broker-Dealer or because notice of change in the percentages used to determine the Maximum Rate and the Minimum Rate has been delivered, and such change has not occurred) then the STARS Rate for such Rate Period shall be the Maximum Rate determined on the Auction Date plus the Service Charge then in effect; (ii) if all of the STARS and STRIPES were linked or are Special STARS on the Auction Record Date, then the STARS Rate shall be the Minimum Rate plus, in the case of Regular STARS and Special Linked STARS and STRIPES, the Service Charge then in effect; (iii) if a failure to pay principal of or premium, if any, or interest on any Bond when due shall have occurred, the STARS Rate for any Auction Date occurring on or after the date on which such failure shall have occurred and on or prior to the date on which such failure shall have ceased to be continuing shall be the Default Rate for such Auction Date plus the Service Charge; and (iv) in no event shall the STARS Rate exceed the rate that would produce a zero rate of interest for the STRIPES, all as determined in accordance with the Resolutions.

Interest hereon is payable on each Interest Payment Date to the registered owner at the close of business on the Record Date for such Interest Payment Date, which is the fifteenth day immediately preceding the Interest Payment Date (a "Record Date"). As used herein, "Interest Payment Date" means January 1 and July 1 of each year until maturity or redemption, commencing January 1, 1994.

The STARS are not subject to mandatory redemption prior to maturity. As described in the Resolutions, the STARS are subject to mandatory tender.

The STARS are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, 2004, as a whole or in part by random selection by the Trustee within a maturity, at 100% of the principal amount to be redeemed together with accrued interest up to but not including the redemption date.

No redemption of STARS or STRIPES prior to maturity may occur unless an equal principal amount of both STARS and STRIPES in denominations of \$100,000 or integral multiples thereof are simultaneously redeemed or delivered to the Trustee for cancellation. The aggregate principal amount of STARS and STRIPES to be redeemed in part shall be selected from STARS and STRIPES which are Linked together (as provided in the Resolutions) and from STARS and STRIPES which are not Linked together as of a Record Date to be selected by the Trustee.

Notice of redemption shall be published once a week for at least two successive weeks in the Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to the redemption date and shall be mailed to the registered owners of any STARS or portions of STARS which are to be redeemed not less than 25 days nor more than 50 days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Resolutions. However, if at the time of giving notice of redemption, no 1993 Series C Bonds are outstanding except registered 1993 Series C Bonds, publication of such notice is not required. If notice of redemption shall have been published and/or mailed as aforesaid, the 1993 Series C Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 1993 Series C Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

AN OWNER OF STRIPES MAY LINK STRIPES WITH AN EQUAL PRINCIPAL AMOUNT OF STARS AND, ONCE LINKED, MAY UNLINK STRIPES AND STARS, SUBJECT IN ALL RESPECTS TO THE TERMS AND CONDITIONS RELATING THERETO SET FORTH IN THE RESOLUTIONS, INCLUDING WITHOUT LIMITATION CERTAIN RESTRICTED PERIODS DURING WHICH STRIPES AND STARS MAY NOT BE LINKED OR UNLINKED AND THE CONDITION THAT THE BOOK-ENTRY ONLY SYSTEM BE IN PLACE WITH RESPECT TO THE STARS AND STRIPES. IF THE BOOK-ENTRY ONLY SYSTEM IS NO LONGER IN PLACE WITH RESPECT TO THE STARS AND STRIPES, STARS AND STRIPES MAY NO LONGER BE LINKED AND ANY LINKED STARS AND STRIPES AND ANY SPECIAL LINKED STARS AND STRIPES WILL THEREUPON AUTOMATICALLY BECOME UNLINKED. DURING ANY PERIOD THAT STARS ARE LINKED, SUCH STARS AS WELL AS ANY SPECIAL STARS WILL NOT PARTICIPATE IN THE AUCTION, THE OWNERS THEREOF (OTHER THAN THE OWNERS OF SPECIAL LINKED STARS AND STRIPES) WILL NOT BE OBLIGATED TO PAY ANY SERVICE CHARGE AND THE REGULAR STARS AND STRIPES THAT ARE LINKED WILL BEAR INTEREST AT THE LINKED RATE OF 5.05 PERCENT PER ANNUM. THE OWNER OF EACH REGULAR STARS AND SPECIAL LINKED STARS AND STRIPES BY ITS ACCEPTANCE OF A STARS CONSENTS TO THE DEDUCTION BY THE TRUSTEE OF THE SERVICE CHARGE FROM THE INTEREST PAYMENT TO BE PAID SUCH OWNER ON EACH INTEREST PAYMENT DATE.

UNDER CERTAIN CIRCUMSTANCES AS DESCRIBED IN THE RESOLUTIONS, THE STARS, OR PORTIONS THEREOF SELECTED BY LOT, ARE SUBJECT TO MANDATORY TENDER AFTER NOTICE FROM THE TRUSTEE AT THE DEMAND OF AN OWNER OF STRIPES. IN THE EVENT THE STRIPES OWNER WHO HAS SUBMITTED SUCH DEMAND FAILS TO PROVIDE FUNDS SUFFICIENT TO PURCHASE THE STARS SPECIFIED THEREIN SUCH STRIPES OWNER SHALL HAVE NO LIABILITY TO THE OWNER OF THE STARS TENDERED FOR PURCHASE AND SUCH STARS SHALL BE DEEMED TO BE SUBJECT TO A SUBMITTED SELL ORDER FOR PURPOSES OF THE NEXT SUCCEEDING AUCTION.

This Bond shall not be entitled to any benefit under the Resolutions or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the manual signature of a duly authorized signatory of the Trustee or its duly authorized agent on the Certificate of Authentication.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the STARS, together with all other indebtedness of the District, are within every debt and other limit prescribed by the laws of the State of Arizona.

IN WITNESS WHEREOF, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, by authority of the Act, has caused this Bond to be executed by the facsimile signature of its President or Vice President thereunto duly authorized and the corporate seal of said District or facsimile thereof to be hereunto affixed and attested by the facsimile signature of its Secretary or Assistant Secretary, all as of October 28, 1993.

(SEAL)

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

Attest:

By _____
President

By _____
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolutions mentioned within.

DATED: October 28, 1993

First Interstate Bank of
Arizona, N.A., as Trustee or

First Interstate Bank of
Arizona, N.A.

By _____

By _____
Authorized Representative

By _____
Authorized Representative

The undersigned Secretary of the Salt River Project Agricultural Improvement and Power District hereby certifies that the following is a full, true and correct copy of the original legal opinion of Mudge Rose Guthrie Alexander & Ferdon, as to the validity and security of the Series of Bonds of which the within Bond is one, dated as of the date of delivery of said Bonds and delivered as of said date.

Secretary

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE, ADDRESS AND SOCIAL SECURITY NUMBER OR OTHER FEDERAL TAX IDENTIFICATION NUMBER OF TRANSFEREE

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed by:

Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

APPENDIX D

[FORM OF 1993 SERIES C BOND: STRIPES]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Resolutions referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Resolutions to the contrary, a portion of the principal amount of this bond may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC of this bond may not rely upon the principal amount indicated hereon as the principal amount hereof outstanding and unpaid. The principal amount hereof outstanding and unpaid shall for all purposes be the amount determined in the manner provided in the Resolutions.

Number

\$

UNITED STATES OF AMERICA

STATE OF ARIZONA

COUNTY OF MARICOPA

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

SALT RIVER PROJECT ELECTRIC SYSTEM
REVENUE BOND, 1993 SERIES C

SHORT TERM RATE INVERSE PAYMENT EXEMPT SECURITY (STRIPES)

| <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Dated Date</u> | <u>Cusip</u> |
|-------------------------------------|----------------------|-------------------|--------------|
| STRIPES Rate (as herein defined) | | October 28, 1993 | |

Registered Owner: CEDE & CO.

Principal Sum:

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, Maricopa County, Arizona (herein called the "District"), a political subdivision and body politic and corporate organized

and existing under the Constitution and laws of the State of Arizona, acknowledges itself indebted to, and for value received hereby promises to pay, solely from the revenues and special funds of the District pledged therefor as hereinafter provided, to the registered owner identified above or registered assigns, on the maturity date set forth above, upon presentation and surrender of this Bond at the principal office of First Interstate Bank of Arizona, N.A., Phoenix, Arizona, or Bank of Montreal Trust Company, New York, New York (such banks and any successors thereto being herein called the "Paying Agents"), at the option of the registered owner, the principal sum set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts, and to pay solely from such revenues and special funds pledged therefor to the registered owner hereof interest on such principal sum from the dated date set forth above or from the most recent interest payment date to which interest has been paid or duly provided for, at the STRIPES Rate (as herein defined), payable by check or draft mailed by the Trustee (as herein defined), on each Interest Payment Date (as herein defined) to the person in whose name this Bond is registered as of the close of business on the Record Date (as herein defined) until the District's obligation with respect to the payment of such principal sum shall be discharged.

This Bond is one of a duly authorized subseries of Bonds of the District in the aggregate principal amount of \$36,700,000 designated as its "Salt River Project Electric System Revenue Bonds, 1993 Series C, Short Term Rate Inverse Payment Exempt Securities (STRIPES)" (herein called the "STRIPES"), issued for the principal purpose of refunding outstanding Electric System Revenue Bonds pursuant to the Constitution and laws of the State of Arizona, including Article 7, Chapter 17, Title 48 of the Arizona Revised Statutes (herein called the "Act"), and under and pursuant to a resolution of the Board of Directors of the District, dated as of November 1, 1972, entitled "Resolution Concerning Revenue Bonds", as amended, and a resolution of the Board of Directors of the District, dated as of October 14, 1993, entitled "Resolution Authorizing The Issuance And Sale of \$726,380,000 Salt River Project Electric System Revenue Bonds, 1993 Series C", including without limitation Appendix A thereto (herein collectively called the "Resolutions"). Each capitalized term not defined herein shall have the meaning set forth in the Resolutions. As provided in the Resolutions, the outstanding Electric System Revenue Bonds heretofore issued pursuant to the Resolution Concerning Revenue Bonds, as to principal or redemption price thereof and interest thereon and the STRIPES, as to principal or redemption price thereof and interest thereon, are payable from and secured by a pledge of the revenues of the District's Electric System referred to in the Resolutions and other funds held or set aside under the Resolutions. Such pledge is subject and subordinate in all respects to the payment of operating expenses and to the prior pledge of such revenues to the repayment of certain federal loan agreements heretofore or hereafter entered into by the District.

Copies of the Resolutions are on file at the office of the District and at the principal office of First Interstate Bank of Arizona, N.A., Phoenix, Arizona, as Trustee under the Resolutions, or its successor as Trustee (herein called the "Trustee"), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder.

THE STRIPES RATE, THE METHOD OF DETERMINING THE STRIPES RATE AND THE AUCTION DATES AND AUCTION PROCEDURES RELATED THERETO WILL BE DETERMINED UPON THE TERMS AND CONDITIONS, INCLUDING REQUIRED NOTICES THEREOF TO THE OWNERS AND BENEFICIAL OWNERS, DESCRIBED IN THE RESOLUTIONS TO WHICH PROVISIONS SPECIFIC REFERENCE IS HEREBY MADE AND ALL OF WHICH PROVISIONS ARE HEREBY SPECIFICALLY INCORPORATED HEREIN BY REFERENCE.

The STRIPES are being issued by means of a book-entry system, with no physical distribution of bond certificates to be made except as provided in the Resolutions. One bond certificate for STRIPES of each maturity, up to \$150,000,000 aggregate principal amount or portion thereof, registered in the name of the Securities Depository Nominee, is being issued for deposit with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the STRIPES by the Securities Depository's participants; beneficial ownership of the STRIPES, in the principal amount of \$100,000 or any integral multiple thereof, shall be evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. Except as set forth in the Resolutions, the District and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including payments of principal of, redemption price and interest on, this Bond, notices and voting. Transfers of principal, interest and any redemption price payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfers of principal, interest and any redemption price payments to beneficial owners of the STRIPES by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The District will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding any provisions herein contained to the contrary, payments of principal of, redemption price and interest on this Bond shall be made in

accordance with existing arrangements among the Trustee, the District and the Securities Depository.

This Bond is transferable as provided in the Resolutions; provided, however, that such transfer may be made only upon books kept for that purpose at the above mentioned office of the Trustee and at the office of any Paying Agent then acting as agent of the Trustee for such purpose, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond, in authorized denominations and for the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon payment of the charges therein prescribed. The District and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and, except as set forth in the Resolutions, for all other purposes.

The STRIPES are issuable in the form of registered Bonds in the denomination of \$100,000 or any integral multiple of \$100,000. The STRIPES, upon surrender thereof at the corporate trust office of the Trustee or at the office of any Paying Agent then acting as agent for the Trustee for such purpose at the option of the registered owner thereof, may be exchanged for an equal aggregate principal amount of STRIPES of any other authorized denomination, of the same stated maturity, in the same manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions.

Neither the Trustee nor any agent of the Trustee shall be obligated to register the transfer or exchange of any STRIPES during a Closed Period except the unredeemed portion of any STRIPES being redeemed in part.

As provided in the Resolutions, Bonds of the District may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Resolution Concerning Revenue Bonds is not limited except as provided in the Resolution Concerning Revenue Bonds, and all Bonds heretofore issued and to be issued under the Resolution Concerning Revenue Bonds are and will be equally secured by the pledge and covenants made therein.

The STRIPES will bear interest for each Rate Period at the STRIPES Rate. The STRIPES Rate for each Rate Period will be the per annum interest rate calculated on the basis of a 360-day year of twelve 30-day months that results in the District's paying

an amount of interest on the STRIPES for such Rate Period equal to the difference between (i) the interest on all the STARS and STRIPES at a rate per annum equal to 5.05% for such Rate Period, calculated on the basis of a 360-day year and twelve 30 day months (the "Linked Rate"), and (ii) the interest payable on the STARS at the STARS Rate for such Rate Period; provided however, the STRIPES Rate will not be less than zero, all as determined in accordance with the Resolutions.

BECAUSE THE INTEREST RATE ON THE STRIPES WILL BE DETERMINED BY SUBTRACTING THE AMOUNT PAYABLE ON THE STARS AT THE STARS RATE FROM A FIXED AMOUNT, THE INTEREST RATE ON THE STRIPES WILL DECREASE AS THE STARS RATE INCREASES, AND INCREASE AS THE STARS RATE DECREASES. HOWEVER, IN NO EVENT SHALL THE STARS RATE EXCEED THE RATE THAT WOULD PRODUCE A ZERO RATE OF INTEREST FOR THE STRIPES.

Interest hereon is payable on each Interest Payment Date to the registered owner at the close of business on the Record Date for such Interest Payment Date, which is the fifteenth day immediately preceding the Interest Payment Date (a "Record Date"). As used herein, "Interest Payment Date" means January 1 and July 1 of each year until maturity or redemption, commencing January 1, 1994.

The STRIPES are not subject to mandatory redemption prior to maturity.

The STRIPES are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, 2004, as a whole or in part by random selection by the Trustee within a maturity, at the respective Redemption Prices (expressed as percentages of the principal amount of STRIPES or portions thereof to be redeemed) set forth below, in each case together with accrued interest up to but not including the redemption date:

| <u>Period During Which Redeemed</u> <u>(both dates inclusive)</u> | <u>Redemption Price</u> |
|--|-------------------------|
| January 1, 2004 - December 31, 2004 | 104% |
| January 1, 2005 - December 31, 2005 | 102 |
| January 1, 2006 and thereafter | 100 |

No redemption of STARS or STRIPES prior to maturity may occur unless an equal principal amount of both STARS and STRIPES in denominations of \$100,000 or integral multiples thereof are simultaneously redeemed or delivered to the Trustee for cancellation. The aggregate principal amount of STARS and STRIPES to be redeemed in part shall be selected from STARS and STRIPES which are Linked together (as provided in the Resolutions) and from STARS and STRIPES which are not Linked together as of a Record Date

to be selected by the Trustee.

Notice of redemption shall be published once a week for at least two successive weeks in the Authorized Newspapers, the first such publication to be not less than 30 days nor more than 60 days prior to the redemption date and shall be mailed to the registered owners of any STRIPES or portions of STRIPES which are to be redeemed not less than 25 days nor more than 50 days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Resolutions. However, if at the time of giving notice of redemption, no 1993 Series C Bonds are outstanding except registered 1993 Series C Bonds, publication of such notice is not required. If notice of redemption shall have been published and/or mailed as aforesaid, the 1993 Series C Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 1993 Series C Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

AN OWNER OF STRIPES MAY LINK STRIPES WITH AN EQUAL PRINCIPAL AMOUNT OF STARS AND, ONCE LINKED, MAY UNLINK STRIPES AND STARS, SUBJECT IN ALL RESPECTS TO THE TERMS AND CONDITIONS RELATING THERETO SET FORTH IN THE RESOLUTIONS, INCLUDING WITHOUT LIMITATION CERTAIN RESTRICTED PERIODS DURING WHICH STRIPES AND STARS MAY NOT BE LINKED OR UNLINKED AND THE CONDITION THAT THE BOOK-ENTRY ONLY SYSTEM BE IN PLACE WITH RESPECT TO THE STARS AND STRIPES. IF THE BOOK-ENTRY ONLY SYSTEM IS NO LONGER IN PLACE WITH RESPECT TO THE STARS AND STRIPES, STARS AND STRIPES MAY NO LONGER BE LINKED AND ANY LINKED STARS AND STRIPES AND ANY SPECIAL LINKED STARS AND STRIPES WILL THEREUPON AUTOMATICALLY BECOME UNLINKED. DURING ANY PERIOD THAT STARS ARE LINKED, SUCH STARS AS WELL AS ANY SPECIAL STARS WILL NOT PARTICIPATE IN THE AUCTION, THE OWNERS THEREOF (OTHER THAN THE OWNERS OF SPECIAL LINKED STARS AND STRIPES) WILL NOT BE OBLIGATED TO PAY ANY SERVICE CHARGE AND THE REGULAR STARS AND STRIPES THAT ARE LINKED WILL BEAR INTEREST AT THE LINKED RATE OF 5.05 PERCENT PER ANNUM. THE OWNER OF EACH REGULAR STARS AND SPECIAL LINKED STARS AND STRIPES BY ITS ACCEPTANCE OF A STARS CONSENTS TO THE DEDUCTION BY THE TRUSTEE OF THE SERVICE CHARGE FROM THE INTEREST PAYMENT TO BE PAID SUCH OWNER ON EACH INTEREST PAYMENT DATE.

UNDER CERTAIN CIRCUMSTANCES AS DESCRIBED IN THE RESOLUTIONS, THE STARS, OR PORTIONS THEREOF SELECTED BY LOT, ARE SUBJECT TO MANDATORY TENDER AFTER NOTICE FROM THE TRUSTEE AT THE DEMAND OF AN OWNER OF STRIPES. IN THE EVENT THE STRIPES OWNER WHO HAS SUBMITTED SUCH DEMAND FAILS TO PROVIDE FUNDS SUFFICIENT TO PURCHASE THE STARS SPECIFIED THEREIN SUCH STRIPES OWNER SHALL HAVE NO LIABILITY TO THE OWNER OF THE STARS TENDERED FOR PURCHASE AND SUCH STARS SHALL BE DEEMED TO BE SUBJECT TO A SUBMITTED SELL ORDER

FOR PURPOSES OF THE NEXT SUCCEEDING AUCTION.

This Bond shall not be entitled to any benefit under the Resolutions or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the manual signature of a duly authorized signatory of the Trustee or its duly authorized agent on the Certificate of Authentication.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the STRIPES, together with all other indebtedness of the District, are within every debt and other limit prescribed by the laws of the State of Arizona.

IN WITNESS WHEREOF, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, by authority of the Act, has caused this Bond to be executed by the facsimile signature of its President or Vice President thereunto duly authorized and the corporate seal of said District or facsimile thereof to be hereunto affixed and attested by the facsimile signature of its Secretary or Assistant Secretary, all as of October 28, 1993.

(SEAL)

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

Attest:

By _____
President

By _____
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolutions mentioned within.

DATED: October 28, 1993

First Interstate Bank of
Arizona, N.A., as Trustee

By _____
Authorized Representative

The undersigned Secretary of the Salt River Project Agricultural Improvement and Power District hereby certifies that the following is a full, true and correct copy of the original legal opinion of Mudge Rose Guthrie Alexander & Ferdon, as to the validity and security of the Series of Bonds of which the within Bond is one, dated as of the date of delivery of said Bonds and delivered as of said date.

Secretary

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE, ADDRESS AND SOCIAL SECURITY NUMBER OR OTHER FEDERAL TAX IDENTIFICATION NUMBER OF TRANSFEREE

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed by:

Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT A

DTC Representation Letters

EXHIBIT B

Escrow Deposit Agreement

EXHIBIT C

Purchase Contract

EXHIBIT D

Official Statement